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POLL SHOWS LARGE INCREASE IN CENTER PARTY DISARMAMENT SUPPORT

Oslo ARBEIDERBLADET in Norwegian 12 Aug 81 p 10

[Commentary by Arne Karstad: "Labor Party and Center Party Zone"]

[Text] Well into something that looks like the disarmament decade, we are getting clear signals of increased concern. Opinion polls by the labor press during the past 3 years show a clear increase in the number of people who believe Norway should do more for arms control and disarmament.

One of the interesting trends in this summer's poll is that only 6 of 100 people asked believe that it makes no difference what Norway does. It is true that we can not cover our large contributions by curbing the great outlays for military research, development and production of many modern weapons.

But we can participate by supporting all efforts over a broad field which are intended to stop the arms spiral, and to create and consolidate a feeling of security against war.

We do that by working for a disarmament conference in Europe. We are active in working for a reduction of nuclear weapons in Europe. We participate in the effort to reach an agreement for a complete stop in nuclear weapons tests and to strengthen the arrangements which prevent the spread of such weapons to countries which do not have them. This is Norwegian policy, and it is the central point in the Labor Party's program for the coming Storting session.

The Labor Party has been the motive force in the Norwegian work for arms control. This was emphasized by, among other things, active support of the nuclear-weapon-free zone in the Nordic area as a link in the work for reduction of nuclear weapons in the larger sense.

The zone issue was met with the tactics of casting suspicion and banter from the bourgeois side. The noise has been considerably dampened. Two polls this summer confirmed the main impression that there is support for the zone work across political lines. Even within the Conservative Party, the leadership could be on a collision course with its own members.

The conservatives are trying for a soft landing and are insisting that the Labor Party has come along with the Conservative Party in this matter. When the zone issue now is aired by conservative circles, they try to give the impression that finally, after being told off by United States Secretary of State Haig in New York, the Labor Party understands that the zone issue must be encouraged in consultation with our NATO allies.

The Labor Party has never thought differently. No responsible Labor Party politician favors an isolated solution, against the alliance. It is therefore difficult to try to give the impression that there is now an agreement where there was none before.

One of the bourgeois parties has split off. Not surprisingly the Center Party has laid low compared with the Conservative Party. Its leadership early demonstrated its commitment to peace. Opinion polls in the labor press show that while the desire for Norwegian input in arms control and disarmament has generally increased, it has almost dramatically increased in the Center Party.

It was hardly a coincidence that the Center Party approved a zone formula which is in all its main points similar to that of the Labor Party. The Center Party desires a nuclear-weapon-free zone in the Nordic area "as a start in a broad arrangement for regulation and reduction of nuclear weapons in a greater European context." Perhaps the Conservative Party, with its most aggressive propaganda against the Labor Party, will strike as hard against the Center Party as against the Labor Party?

FARMAND dared to break its silence when the paper wrote, "It does not bode well that Jakobsen is now beginning to let his imagination soar on the necessity of such an agreement (18 Jul 81 under the title "Zone Therapy Troublesome").

Jakobsen has announced that the Center Party will actively work for nuclear-weapon-free zones. He will surely be reminded that he took that obligation upon himself.

9287

CSO: 3108/182

PALME CRITICIZES BOHMAN FOR OPPOSING NUCLEAR-FREE ZONE

Stockholm DAGENS NYHETER in Swedish 17 Aug 81 p 8

[Article by Bjorn Lindahl]

[Text] Kongsvinger, Norway, Sunday--"For some reason, Conservative Party leader Gosta Bohman has made an assault on the idea of a Scandinavian nuclear-free zone. He feels that such a zone would not be able to increase Sweden's security. And perhaps we should not be surprised at that--because remember that the Swedish rightwing, for as long as it could, pushed the demand that Sweden create its own nuclear weapon."

So said Olof Palme on Sunday in Kongsvinger, where he had been invited by his political friends in Norway.

Olof Palme emphasized very forcefully that he himself supports the demand for a nuclear-free zone and also said that the idea is not something new, since all of Latin America, with the exception of Argentina, is already a nuclear-free zone.

"We take an entirely different view than the Conservatives. We feel that a nuclear-free Scandinavia would benefit Sweden's security and strengthen our policy of neutrality.

"But the serious thing is that Bohman goes a step further and says that a nuclear-free Scandinavia would not benefit security in Finland, Norway, or Denmark.

"By saying that, Bohman is violating what I regard as an implacable rule in Scandinavian cooperation, and that is that we should respect what our sister nations choose as their security policy.

"I have never questioned that rule. It must be accepted as a fact, and then we must make the best of the situation. We must never begin to direct the security policy in our neighboring countries, because by doing so we would divide Scandinavia," warned Olof Palme.

11798

CSO: 3109/234

BRIEFS

SOCIALIST SECRETARY BACKS MARCH--Gavle (TT)--"It is a dangerous act of giving up to believe that the people's struggle for peace cannot induce the world's great powers to direct their thoughts along positive lines." So said Sten Andersson, party secretary of the Social Democratic Party, at a meeting in Gavleborg on Saturday. "On the contrary, a people's mobilization against the arms race is a prerequisite for successful work on behalf of peace. One glimmer of light in all the darkness of armament is the fact that our demands for a nuclear-free zone in Scandinavia have set in motion a political process that has so far progressed more swiftly than we probably hoped. Scandinavia is united for the first time, public opinion is aroused, and the first small signs are beginning to appear that the world's big powers are not entirely unaffected by the people's mobilization for peace," Andersson noted. "Now the struggle must be carried further with all possible energy," he continued. "The Social Democratic party leadership has urged all organizations--our own and others--to protest against Reagan's decision to produce the neutron bomb." [Text] [Stockholm DAGENS NYHETER in Swedish 16 Aug 81 p 6] 11798

CSO: 3109/234

PCI 8-POINT DRAFT BILL ON 'REPENTANT' TERRORISTS

Rome L'UNITA in Italian 6 Aug 81 p 5

[Article: "The PCI Proposal for Those Who Quit and Confess"]

[Text] Presented yesterday in the Senate, a communist 8-point draft bill covers "Dispositions concerning crimes committed for terroristic purposes or subversion of the democratic order."

Sponsors of the bill explained that it is meant to offer a simple, clear response to the main problems posed by terrorists who abandon their outlaw groups and confess, although the sponsors concede that not all questions are given a solution in the bill (which, however, is open to all suggestions for improvement). This is true of the security of the "repentants" and their families (which, in any case, can be assured for the most part, if not exclusively, by administrative means) and the matter of clemency for those condemned to indefinite sentences which, for the present, appear to be insufficiently probed.

The 8 articles outline these provisions:

1. This article calls for the life sentence to be substituted by 10 to 15 years of imprisonment. Other penalties would be reduced by half in the case of crimes committed for terroristic purposes or subversion of the democratic order by terrorists who, disassociating themselves from their accomplices, endeavor to prevent their crimes from causing further consequences, or when they offer concrete aid to the police and judicial authorities in search of proof that will enable them to identify and capture other terrorists.

If a prisoner has been alienated from his group against his will, his depositions will not be decisive, although such depositions have helped the authorities considerably in identifying and capturing former accomplices. Therefore his life sentence will be commuted to from 12 to 20 years in prison, and his other penalties will be reduced by one-third.

If the prisoner, who has been alienated from his group against his will, has given only important aid to the investigators, his verdict of life imprisonment will be commuted to a prison term of not less than 18 years, and his other penalties will be reduced by one-fourth.

This article modifies and integrates Article 4 of the so-called Cossiga law.

2. Conceding Provisional Freedom

If one of the attenuating circumstances set forth in the preceding article is recognized at the final public hearing, the judge may grant the defendant provisional freedom on condition that he cease his criminal activities totally and permanently, but such provisional freedom depends on the extent of his cooperation with the authorities or the gravity of his crime.

A separate provision, which must be communicated to the prisoner, will impose obligations and prohibitions deemed necessary to supervise his conduct, to assure his availability upon request of the judiciary authorities, and to assure his presence at hearings.

Provisional freedom will be terminated should any one of these obligations or prohibitions be violated, or if the convict should fail to meet any one of the conditions imposed on him.

3. Concurrent Penalties

Should a person draw more than one penalty for different crimes, for each of which any one of the attenuating circumstances set forth in Article 1 is recognized, the public prosecutor will, if necessary, determine what his penalty will be.

Article 80 of the penal code will not be applied and, in addition to the main penalty handed down for his most serious crime, penalties for his other crimes will be reduced to one-fifth for each. For the accessory penalties, the terms of Article 79 of the penal code will be applied.

If the prisoner's convictions are handed down by different judges, the public prosecutor affiliated with the judge who has pronounced the most serious sentence, will make the final decision.

He will apply the second, third, and fourth paragraphs of Article 582 in the code for penal procedure.

4. Cases Not Punishable

Crimes committed for terroristic purposes or subversion of the democratic order are not punishable if they are presented to a magistrate within 60 days of the enactment of the law, and if they conform to any one of the attenuating circumstances referred to in Article 1.

For any person to whom the preceding paragraph is applicable, no arrest warrant will be issued against him, but one of the obligations and prohibitions referred to in the second paragraph of Article 2 can be imposed on him. If he violates any single obligation or prohibition, the public prosecutor or the magistrate will issue an arrest warrant against him.

The provisions of the foregoing paragraph do not apply to crimes of mass murder, attempted or actual homicide, serious or very serious injuries, holdups, acts of extortion, kidnaping or other crimes committed after 4 August 1981. In any event, if the criminal, to whom the attenuating circumstances set forth in Article 1 apply, presents himself to the authorities of his own free will, he may be granted provisional freedom, and the dispositions outlined in the second paragraph of Article 2 will be applicable. If his case has been put to a summary investigation, the investigating magistrate, upon request of the public prosecutor or the accused, will decide the matter of provisional freedom.

5. Conditional Suspension of the Penalty

Acting on one of the attenuating circumstances set forth in Article 1, the judge can decree that a detention penalty lasting not more than 4 years and a fine may be suspended for a period of 10 years.

The conditional suspension mentioned in the preceding paragraph may be granted more than once if it concerns a crime committed before 4 August 1981, providing that the total duration of the detention penalty does not exceed 4 years.

6. Conditional Freedom

An accused person committed to detention for 1 or more crimes for which one of the attenuating circumstances set forth in Article 1 is recognized, and who conducts himself during his incarceration in such a way that his eventual rehabilitation is assured, can be granted conditional freedom when he has served one-half of his term.

7. Perjury

If the accused has falsely attempted to obtain application of one of the attenuating circumstances set forth in Article 1, the penalties established in the first and second paragraphs of Article 368 of the penal code and the first part of the third paragraph of the same article shall be doubled. In the hypothetical case stated in the second part of the third paragraph, he will be imprisoned for a term lasting from 12 to 30 years.

8. Forfeiture of benefits.

If the accused commits a crime of terrorism or subversion of the democratic order after pronouncement of his sentence, even though it is reversible, as penalty for one or more [previous] crimes for which the attenuating circumstance set forth in Article 1 is recognized, he will forfeit all benefits conceded to him, and the penalty for his new crime will be doubled.

9653

CSO: 3104/344

ARMENIAN SPOKESMAN INTERVIEWED ON AIMS, ACTIONS

Geneva JOURNAL DE GENEVE in French 8-9 Aug 81 p 7

[Interview with spokesman of the Armenian Secret Army for the Liberation of Armenia (ASALA); date and place not given]

[Text] Beirut, 7 Aug (ATS)--The Armenian Secret Army for the Liberation of Armenia (ASALA) is one of the most mysterious organizations operating in the Middle East and Europe. Responsible for dozens of attacks on Turkey and against Switzerland since October 1980, it claims to be fighting for the return of the Armenian Diaspora to its land. There is no longer any question of a "guilty conscience" for the ASALA, which has chosen the armed struggle in order to remind the world that a million and a half Armenians died between 1915 and 1920. "Freedom or death" was already inscribed on the banners of the resistance movements to the Turkish Government at the end of the last century. And yet, this renewal of the "revolutionary consciousness of the Armenian people" nearly 60 years after "the genocide" is surprising. There can be no doubt that the ideological influence of the Palestinian resistance has been great on certain members of the Armenian community in Lebanon, one of the largest bastions of the Diaspora, with over 250,000 members.

The headquarters of the organization is in West Beirut, a veritable caravanserai, an open shop where it is very easy to procure weapons on the black market. Here, the ASALA is but one more organization in an explosive mixture of parties, factions and armed militias. However, it seems to have solid bases elsewhere, particularly in Europe, in Athens, Rome, Milan, Brussels, and also in Switzerland, according to statements by the ASALA.

It is very difficult to know the structure of the organization, its recruiting capacity, its real support in the Diaspora, for its political action is contested by the traditional Armenian parties, particularly the Daschnak. Joining the organization is not easy. Meetings with journalists always take place in buildings protected by a wall of militiamen, in warehouses serving as temporary headquarters or outside of Beirut, in Saida, for example.

This time, after days of waiting, the ASALA agreed to respond to the questions of the special ATS correspondent in writing.

[Question] What is the reason for this series of attacks aimed at Switzerland, these bombs in public places at peak hours?

[Answer] Our organizations has always taken the lives of innocent citizens into account. Our last operation in French-speaking Switzerland was on 9 June. Our soldier Madiros J. did not use the grenade he had in his hand in order to spare human lives. The attacks on public places were claimed by the 9 June Organization.

[Question] Do you mean that the 9 June Organization has nothing to do with the ASALA?

[Answer] There are direct and indirect links between us. That does not mean that we agree with everything they do.

[Question] Do these attacks not risk poisoning relations between the Swiss people and the Armenian Swiss community?

[Answer] It is the Swiss Government that has a hostile attitude toward the Armenian people by supporting the fascist Turkish regime. What would the Swiss people do if we started to support future occupants of your country? Would the Swiss people have thanked us for that?

[Question] Has it been difficult for you to organize attacks in Switzerland?

[Answer] We strike wherever we want. If we had wanted to strike harder in Switzerland, we would have done so easily.

[Question] And yet, the Swiss Government did lend assistance to the Armenians after the "genocide"?

[Answer] That assistance was not really assistance. It was part of an imperialist plan aimed at facilitating the assimilation of Armenians in Western countries in order to eliminate the Armenian problem.

[Question] What do you think of the way in which the Swiss press has reacted to the attacks?

[Answer] Many Swiss journalists have tried to distort the Armenian problem. We tell them that we represent an entire people and that we shall not hesitate to reply to all those who work against the interests of our people.

"Soviet Armenia Is Liberated"

[Question] But do you think that you can truly represent the Armenian community?

[Answer] The development of our struggle on the military and political level is adequate proof of the support of the Armenian people.

[Question] Do you not envisage other means of struggle than military attacks?

[Answer] It is obvious that the armed struggle constitutes a means of struggle along with other additional forms that we do not neglect. But the entire world began to speak of the Armenian problem again since 1975, the date of the emergence of our organization.

[Question] What is your political and financial support?

[Answer] Our allies are all the democratic and revolutionary forces fighting imperialism. As for financial support, it comes from the Armenian people everywhere in the world.

[Question] But you are accused of extorting funds from rich Armenians.

[Answer] That is false.

[Question] Do you have relations with the Red Brigades? With the Japanese Red Army?

[Answer] We have relations with all revolutionary movements. If those organizations are revolutionary, then we have relations with them.

[Question] You are fighting for the return of the Armenian Diaspora to its land. What are the limits of that "historic Armenia"?

[Answer] Most of "historic Armenia" is found in the eastern part of Turkey.

[Question] Do you consider Soviet Armenia as a liberated territory then?

[Answer] We clarified that point in 1975. Soviet Armenia is a liberated territory.

[Question] How long will you continue your attacks on Turkey?

[Answer] We shall continue our fight until the total liberation of our territory.

[Question] And against Switzerland?

[Answer] When our organization makes the decision to strike the Swiss institutions, we shall do so with all the more firmness because the Swiss Government supports the fascist Turkish regime financially and militarily.

11,464

CSO: 3100/908

TURKISH TERRORISTS REPORTEDLY TRAINED IN PLO CAMPS

Ankara YANKI in Turkish 17-23 Aug 81 p 19

[Text] "We are a national liberation organization. I am pro-Habash. And as a national liberation organization, it is normal for us to find allies in all countries. I know that there are revolutionary groups in Turkey; I support them. Similarly, during the time of the Shah, we aided the guerillas. As many Turks trained with us as Iranians. We heard that those undergoing training with the PLO participated in actions against the regime in Turkey. We support this movement.

These words were spoken to newspaperman Sedat Sertoglu by Palestinian guerilla Gazi Ebu Ceyyab who is imprisoned in Israel's Ashkelon Prison. Ebu Ceyyab has been sentenced to 7 life, four 30-year, one 25 year and two 10-year prison sentences as a result of two assassinations and seven sabotage missions.

The Prison, built in 1967, contains approximately 500 inmates. They are all Palestinian Liberation Organization militants. Among these are Turks who were captured in Israel after having been trained in Palestinian camps in Lebanon.

Cuma Yuvarlak is one of these Turks. His alias is Cuma Halef El Yusif or Ebu Firaz. Born in the village of Madenli in Antakya, Cuma Yuvarlak was sent to southern Lebanon by a Syrian whom he met while seeking work in the Beirut job market. There he joined Ebu Abbas' camp. While participating in the camp he carried a Kalashnikov weapon. He had been an Apocu [Kurdish Workers Party member] while in Turkey.

Antakya-born Cuma was very well received in the camp and, in addition to political education, he was trained in the use of glider-type motorized aircraft. He was assigned a jeep. He received 500 Lebanese pounds a week. This is the equivalent of 25,000 Turkish lira. Should he die or be captured in action, this money was to be paid to his family.

After the 6th month in the camp, Cuma Yuvarlak was given the mission of bombing the Israeli petroleum refinery in Haifa. However, he was captured after the plane's fuel tanks ran dry and was placed in Ashkelon prison. Speaking in the name of the other Turks in the camp, he stated: "Our goal is the same: To change the regime in Turkey."

One third of the inmates in the prison fasted and prayed [i.e., observed Muslim religious rituals]. According to the director of the prison, all of the inmates were PLO members; however, some were Marxist and some were conservative. Each prisoner cost the Israeli government \$10,000.

After indicating that quite a few Turks has undergone training in Palestinian camps, Ebu Ceyyas, one of the Palestinians in the prison, added the following: "Yasir 'Arafat may not be of the same opinion, but we of the Habash group are not against the training of Turkish terrorists. Similarly, we are not against the training of Armenian terrorists or the assassination by them of Turkish diplomats.

Ismail Ahmed Dedec, held in the same prison, is a member of the PLO's Marxist wing. He was trained in Syria and later crossed over to the Golan Heights and set up an ambush for Israeli military units. Dedec said the following on the subject of training Turkish terrorists in Palestinian camps: "We will cooperate with everyone who cooperates with us. Turks come to us and say that they wish to fight against the regime in Turkey. We do not turn them away. They say 'The Turkish people want to get rid of their government.' It is necessary to separate the two subject. We are not against the Turkish government. They are against it. We do not interfere in the internal affairs of others. There have been cases where we have helped Turkey, the Turkish government. For example, the PLO brought to an end the occupation of the Egyptian Embassy in Ankara. If the Turkish government establishes good relations with us, we will establish the same with them.

Ahmed Dedec also confirmed the meeting which the Armenian Secret Liberation Army (ASALA) held with the Apocu in the Town of Sidon in Lebanon. The Armenian and Turkish terrorists went to the Palestinian guerilla camps describing themselves not as terrorists but rather as persons fighting against American imperialism. The ASALA and Apocu meeting took place in Habash's camp and both organizations made a statement there saying that they would fight against the regime in Turkey.

CSO: 4654/147

ENERGY MINISTER NOW WANTS TO REVISE GAS-PROJECT PLAN

Copenhagen BERLINGSKE TIDENDE in Danish 6 Aug 81 p 8

[Article by Christian Brondum]

[Text] The billion-kroner natural gas project that will supply 400,000 Danish households with natural gas starting in 1984 will now be revised. Apparently it was laid out on too large a scale.

This is happening after the Energy Ministry found "substantial changes" in the assumptions on which the 1979 Natural Gas Act was based. According to Energy Minister Poul Nielson there has been a considerable drop in the heat used by Danes compared with estimates of consumption made in 1979. In addition far fewer new homes are being built due to the economic crisis than anticipated in 1979.

In a reply to Conservative representative Annelise Gotfredsen the energy minister said that the big natural gas project due to the "substantially changed assumptions" will now be "brought up to date" in the fall of 1981. Poul Nielson said it was too early to say what these changes would consist of.

The government has committed itself in a contract with DUC [Danish Underground Consortium] dating from 1979 to buy a certain amount of gas a year starting in 1984. If heating consumption per household declines and fewer new homes are built the state will have problems selling all the gas to consumers unless it decides to extend the gas supply area outside the urban areas planned for in 1979.

In a comment on the reply Annelise Gotfredsen said that the energy minister is finally admitting that the natural gas project is based on precarious assumptions. "At the same time we have seen that with the latest technology we can transfer the surplus from the electric plants much further for nothing out to consumers than we could in the past. This makes the natural gas project an even poorer idea. The basic assumptions behind the natural gas project have now been changed so much that the Liberals, who helped pass the Natural Gas Act, must also be interested in an entirely new calculation concerning the biggest investment project in this century."

JUTLAND NATURAL GAS PROJECT TO COST 40 PERCENT MORE THAN PLANNED

Copenhagen INFORMATION in Danish 24 Jul 81 p 1

[Article by Stig Albjerg]

[Text] The construction of the natural gas network in southern Jutland won't cost 700 million kroner--it will cost 1 billion.

Natural Gas South which will supply southern Jutland with natural gas starting next year is expected to exceed its investment limit of 700 million kroner by 40 percent. Sources in the natural gas project told INFORMATION that already now they calculate that bringing the natural gas to southern Jutland will cost 1 billion kroner.

Natural Gas South is the first of a series of regional supply companies that will form a regional network for the distribution of natural gas.

If the estimates of what it will cost to bring in natural gas are exceeded to the extent anticipated by Natural Gas South previous calculations of the return on investing billions of kroner in natural gas in Denmark will be overturned.

If the expected budget overrun on the construction of the natural gas network in southern Jutland turns out to be typical for other regional natural gas networks either consumers will have to pay much more for gas than previously estimated or the state will have to subsidize the natural gas projects with billions of kroner.

Poul Nielson Questioned

Social Democratic member of Folketing Ervin Jensen asked the following question of Energy Minister Poul Nielson:

"The minister is asked to give his evaluation of the economic obligations of Natural Gas South in relation to the agreed budget framework and to weigh the need to tighten up regulations in the future for the regional gas companies to insure that their activities are kept within the nationally given economic and energy policy limits."

Ervin Jensen explained his question like this:

"In some parts of the daily press there have been rumors circulating recently that Natural Gas South is exceeding its budget framework by about 40 percent of the funds agreed to.

"With respect to the credibility of Natural Gas South as well as that of the other regional natural gas companies it is important to determine whether there really is a substantial overrun and if so to discover the causes for it.

"The regional natural gas companies today constitute a central part of the total natural gas project. Therefore overruns of the size referred to would weaken the very positive returns expected from the project.

"It is also important to determine if a given overrun stems from the natural gas project itself or from other activities, guarantees and the like which Natural Gas South may have entered into.

"If the overruns are as extensive as has been suggested it would in my opinion provide a basis for a review on tightening up the framework for the regional gas companies in order to make sure that the given economic limits are actually adhered to."

Among other things the supply company Natural Gas South has spent up to 8 million kroner on planning traffic reorganization in the areas where the natural gas pipelines are to be installed.

6578

CSO: 3106/156

NATURAL GAS PROJECT IN DISARRAY, LACKS MANAGEMENT

Copenhagen BERLINGSKE TIDENDE in Danish 13 Aug 81 pt III p 2

[Article by Lars Dyrskjot]

[Text] No authority or organization has complete control over the natural gas project that will run up to 30 or 40 billion kroner. A great many unforeseen problems will come up in the future as well.

The major problem with the Danish natural gas project that before it is finished will cost the Danish community between 30 and 40 billion kroner is that no one is in charge of carrying it out. At the same time the estimate of consumers' needs for natural gas is very unreliable. This means that even now--14 months before the natural gas arrives--it is hard to evaluate the extent to which natural gas will be used by Denmark.

The decline in residential energy consumption combined with the fall in new home construction means that about 20 percent of the originally scheduled amounts of natural gas will be available for new areas. This appears from the status report of the Energy Board which BERLINGSKE TIDENDE published on 28 July. The Energy Board, DONG [Danish Oil and Natural Gas] and the regional companies expect a clarification of where the extra half billion cubic meters of gas can be used instead sometime this fall.

Phase Two Coming Up

Should phase two in the natural gas supply system be speeded up--in other words should central and northern Jutland along with the last part of northern Sjaelland receive natural gas at an earlier date? Or should the half billion cubic meters be exported to Sweden or West Germany to provide some foreign currency in our treasury?

As we know the first 2 years of natural gas deliveries from Ruhrgas will serve as a kind of starting period to get the southern Jutland supply network established. Not until 1984 will deliveries from the North Sea begin. According to the 1979 report on the introduction of natural gas, the 1979 Energy Policy Statement, Denmark will use 819 million cubic meters of natural gas. Of this amount the

capital district will get 67 percent, the rest of Sjaelland will get 5 percent, Funen 16 percent and southern Jutland 12 percent. In 1990 Danish natural gas consumption will be 2437 million cubic meters of which the capital district will get 61 percent, Sjaelland 12, Funen 14 and southern Jutland 13 percent.

More for Heating

Thus there are limits to how much variation has been allowed for in planning among various regions of the country. But things are different when we look at the consumption of gas for heating. In a guideline for communities issued by the Energy Secretariat in 1979 it is proposed that 14 percent of the natural gas in 1984 go to individual space heating in private homes with 86 percent going to collective heating with about half the natural gas going to district heating plants in power/heating areas.

But 6 years later individual heating will account for 34 percent of the natural gas while collective heating will use only 66 percent. District power plants will use the same amount of natural gas in absolute figures but the big users of natural gas will be industries that will use 28 percent of the gas in their processes.

Data Basis

But on the last page of this energy statement a big question-mark is placed beside the data basis for judging the entire aspect of consumption. The body of data contains information on the entire energy market--it is a so-called VPU [expansion unknown] heating atlas that contains considerable areas of uncertainty.

The market basis was projected from this information from the data storage bank and a number of projected assumptions. In this way they arrived at the potential natural gas market on which a number of restrictions concerning investments and loads were imposed to get the most advantageous supply area for natural gas.

Sales of natural gas in the individual areas are based on the assumption that 90 percent of the households will voluntarily hook up with the natural gas network over a 6-year period. In the very first year it is assumed that 30 percent of the consumers will have hooked up with the network.

Compulsory Measures

"We knew the consumption of natural gas was put too high and investments too low," said councillor Lennart Larsson of Odense in the context of the Energy Board's natural gas status report: "I predict therefore that it will be necessary to introduce compulsory measures with respect to users in order to get rid of the natural gas."

This possibility exists in the legislation but DONG as well as regional and municipal supply companies have so far hesitated to make use of it, preferring to sell natural gas to consumers via an introductory price.

The problems involved in insuring rapid transfers to natural gas are closely linked to the contract. Trade Minister Arne Christiansen arrived at on behalf of DONG with the Danish Underground Consortium. In this DONG promised to pay for amounts of natural gas determined in advance regardless of whether they correspond to consumer demand.

Offensive Policy

A number of load factors were included so that deliveries can vary depending on the time of year but on an annual basis DONG must pay for 2.5 billion cubic meters of gas--whether it has been used or not.

This agreement has forced natural gas companies to pursue an offensive use policy from the start. Industries and power/heating plants must be linked to the system so they can consume the gas in the introductory phase and in the summer periods throughout the 25 years, since the need for home heating is quite limited in the summer.

But it is the individual communities--and not the natural gas companies--who are the planning authorities with respect to which areas will be supplied with gas.

Built-in Problems

It is against this background that four experts with the County and Municipal Research Institute pointed out last year in the report, "Natural Gas in Denmark," that many planning problems have been built into the natural gas project. This is because a number of separate organizational units are supposed to implement the natural gas project in a smooth and efficient way.

The total administration includes the Danish Underground Consortium which is building up the facilities in the North Sea, DONG which is responsible for the overall natural gas plant, the regional distribution companies such as Natural Gas South, the municipal distribution companies and the controls imposed by state, county and municipal authorities.

Uncoordinated Organs

"All in all this is an extremely complex and very decentralized system containing many somewhat uncoordinated independent decision-making bodies," the report says, and continues:

"It is really hard to find one person with major responsibility for carrying out the project since responsibility is divided among a number of different bodies. In addition the contract with DUC provides much stricter time limits on the natural gas project than we are used to in most other big public investment assignments," it says.

6578

CSO: 3106/165

BRIEFS

CONSERVATION EFFORT RELAXED--Denmark is now returning to everyday life after the energy crisis. The last two of the three regulations introduced in the spring of 1978 to reduce energy consumption were lifted yesterday. One was the regulation banning among other things the illumination of outdoor advertising, decorative lighting, etc. in the time between 2300 hours and 1 hour before sunrise and the other was the regulation on keeping room temperatures in public buildings below 20 degrees. Earlier the temporary speed limits were replaced by a general reduction of the speed limit. Energy Minister Poul Nielson told BERLINGSKE TIDENDE that the lifting of these restrictions should not encourage people to use more energy, it's just that there is no longer any authorization for maintaining them. The regulations were passed under the law governing supply measures and to maintain them international supply problems would have to continue. But that is not the case. "Thus the regulations are being repealed for legal reasons," said Poul Nielson. "The need to conserve continues but for balance of payments reasons. Just from 1980 to this year energy imports will increase 6 bi. ion kroner to a total of 27 billion. But conservation efforts have helped, since otherwise we would have hit 30 billion. Thus it is of real importance to the situation of our country that we continue to save," said Poul Nielson who anticipates tax consequences if this is not the case. [By Peter Kjelstrup] [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 29 Jul 81 p 1] 6578

CSO: 3106/156

BRIEFS

OIL TECHNOLOGY TO USSR DENIED--Minister of Oil and Energy Arvid Johanson flatly rejected the idea proposed by the general secretary of the Center Party, Svein Sundsbo, that Norway should cooperate with the Soviet Union on the planning and production of oil and gas off north Norway. The minister called the event "the greatest backward dance of the election campaign" because the Center Party has previously opposed oil activity to any large extent off north Norway. Conservative Kare Willoch also believes that it is interesting that the Center Party now has begun to show interest in oil activity in the north, but he also rejects the idea of cooperation with the Soviets. He said, "The Conservative Party wants full national direction and control of the oil policies, because oil off the Norwegian coast is a Norwegian resource." [Text] [Oslo AFTENPOSTEN in Norwegian 19 Aug 81 p 11] 9287

CSO: 3108/182

TPAO DIRECTOR DISCUSSES RESERVES, PRODUCTION

Istanbul TERCUMAN in Turkish 17 Jul 81 pp 1, 14

[Article by Nur Batur]

[Text] It has been reported that since the accomplishment of the necessary legal arrangements for accelerating oil explorations, 21 foreign oil companies have applied to the Turkish Petroleum Corporation [TPAO] to conduct joint oil exploration. In response to some questions posed by the TERCUMAN reporter, TPAO General Director Ismail Kafescioglu stated that "rather than looking for oil all over the country, exploratory activities are underway in the most promising areas using a total of 26 rigs."

Kafescioglu noted that "since Thrace, Adana, the Tuz Golu basin, and southeastern Anatolia are the most promising regions, exploratory activities are being concentrated there" and he added that "we are hoping that a few of these wells will be providing some good news in the near future much like Guney Dincer."

Guney Dincer

The TPAO general director said the following with regard to activities now underway:

"Within a short time, say 5 months, after the first well in the Guney Dincer field was completed it was producing 3,400 barrels of oil per day. We are hoping that we will reach 7,500 barrels per day by the end of the year."

"It is certain that TPAO, which last year reached an output of 17,500 barrels per day, will become Turkey's most productive company, producing 25,000 barrels per day by the end of the year."

The general director stated that there is a 285 million ton reserve in the Bati Raman field, but since the oil contained in it is very heavy only 3 million tons per year over the next 30 years can be extracted from this field.

Participation of the Private Sector in Exploration

Kafescioglu stated that the participation of the private sector in oil exploration had aroused great interest both domestically and abroad but he added that since the

capital these institutions have is limited the foreign partnerships will be able to make the greatest contributions in this regard. He made these following remarks on the subject:

"Private sector institutions, together with sound and solvent foreign partnerships they have agreements with, may established partnerships with TPAO (with the condition that TPAO hold an approximately 70 percent share).

"Additionally, quite a few independent firms have come to Turkey as well in the new period and some of these firms have begun rather promising operations.

A certain number of the 21 firms which as of today have applied for a partnership to TPAO are still in the first stages on contact."

Turkey's Petroleum Reserve

The TPAO general director stated that there are in Turkey 25 million tons of oil reserves which can be extracted by conventional methods and another 600 million tons of reserves which can be extracted by various other methods. "TPAO's 1981 production target is to reach the 1.2 million ton level. The refineries are working at full capacity these days but there are delays in the oil we get from Iran," he said.

Money Spent on Oil Activities

Kafescioglu stated that the conversion of TPAO into a holding company had created a successful and rational institution and he said that "the amount of money TPAO has set aside this year for oil activities is in the neighborhood of 7.5 billion lira (nearly \$70 million)."

9236

CSO: 4654/111

BRIEFS

NORWAY-ICELAND INDUSTRIAL COOPERATION--Norwegian and Icelandic authorities have agreed to create a joint working group which will evaluate future industrial and energy cooperation between the two countries. Minister of Industry Finn Kristensen told NTB [Norwegian Wire Service] that possibilities for broad cooperation are seen primarily in the electrotechnical and power intensive industry. On Saturday Kristensen concluded an official visit to Iceland. Together with his Icelandic colleagues he developed viewpoints on possible industrial areas in which Norway and Iceland should cooperate more and better. Kristensen said, "It is apparent that Norway and Iceland have much in common, and that we can cooperate in several areas to our mutual profit." In several weeks Norwegian authorities will send the Icelanders a recommendation for terms of reference for the Norwegian-Icelandic working group. Kristensen emphasized that in conversations with the Icelanders there was broad agreement that joint projects must be economically self-sufficient. "Iceland has begun a large and aggressive water power production program for future years. The program will create possibilities for new power-consuming industries. These are two areas in which Norwegian industry has previously shown its skill, and in which it should be possible to cooperate," said the minister. He added that even if Norway is a large country in comparison with Iceland, they are both relatively small. Cooperation in research, development, production and combined performance toward third countries can therefore be both appropriate and reasonable, he said. [Text] [Oslo NORGES HANDELS OG SJOFARTSTIDENDE in Norwegian 11 Aug 81 p 7] 9287

CSO: 3108/182

EDITORIAL ADVOCATES REDUCTION OF WORK TIME

Vienna PROFIL in German 20 Jul 81 pp 8-9

[Editorial by F.G. Hanke: "Who Is the Crazy one?--Closing in for the Kill of Alfred Dallinger"]

[Text] Alfred Dallinger proposes extending vacation time to a fifth week as of 1 January 1983. This would result in a work time reduction of 2.5 percent within more than 2 years.

Reason enough to label Alfred Dallinger a feeble-minded or even a crazy Utopian.

If that same Alfred Dallinger were to demand salary increases which would cost the economy a lot more, people would grumble about it but would call him a "political realist."

In that case, Alfred Dallinger would follow in a familiar rut; a rut comprehensible even to Austrian economic journalists.

But now Alfred Dallinger wants something new: reduced work time. But "peasants will not eat any unfamiliar foods"--they would not even give them any thought.

It is of no advantage to Dallinger that the German Labor Federation has demanded the very same thing, nor that the new French government has declared the 35-hour work week to be its most urgent concern. The economic scientist writing under the pseudonym "Staberl" has labeled Dallinger a nut. And a whole army of "Staberls" in other fields is applauding madly.

There you have the intellectual level on which the discussion of one of Austria's most important current problems is conducted.

Having attempted many times in the past to provide positive justification for the necessity of a reduction in work time, I want to approach the question from the other end. What, may I ask, are the so-called "economic experts" proposing in its place?

They declare with a single voice that only a 4-5 percent economic growth would serve to avoid unemployment. Because that is the normal growth percentage of working productivity.

At the same time, these same experts agree that in the next few years the economy will grow at an annual average rate of a maximum of 2 percent.

Here is my question: in view of this prediction, what do these "economic experts" propose to stem the growth of unemployment?

Other than a reduction of work time. Perhaps someone besides Mitterand will come to the same conclusion eventually: unemployment as well is nothing other than a reduction of work time--only in its most stupid and antisocial manifestation.

With continuing technological improvements, in other words, when man's productivity continues to rise by using machinery, only one of two things can happen: either additional markets are discovered or work time is reduced. Current national economic policy considers only the former. If it were to continue being practicable, I would still consider it senseless (because it would constitute a waste of valuable reserves of raw materials and energy); but otherwise I would be satisfied that this is apparently what the people want.

But this option is no longer valid. Not because that is the opinion of a few muddleheads or antigrowth critics, but rather because it has been proven in practice: the markets are stagnating. Markets are no longer expanding. Present consumer demand is easily satisfied by present capacity.

Businessmen, whose decisions are based on common sense rather than on the opinions of economic experts, are aware of this. They realize that there are no additional marketing opportunities for additional production; therefore they make no new investments, no matter the investment incentives offered to them.

Let me correct this--they do make investments, but by way of increasing efficiency. The result: even more workers lose their jobs.

That is why traditional deficit spending is increasingly unable to cover up stagnation. It not only fires up economic growth, but also inflation, interest rates and the national debt.

Nevertheless it is unfortunately not always better reasoning which motivates most countries to discontinue deficit spending, but rather pure necessity: they have run out of money.

Thank God for that.

As usual, Austria participates in international developments by a phase shift. Essentially there are two reasons why unemployment in this country has not taken hold as it has in the rest of Europe.

First: since 1975 deficit spending here has been practiced to an extent which other countries have rightly shied away from because the resulting benefits are short term, while the mountain of indebtedness is long lasting.

Second: Austrian businessmen support the government's full employment policies with a readiness to sacrifice which is downright touching. They retain superfluous

manpower in their operations even when profits are nearing point zero or if they are operating at a deficit.

This type of "full employment policy" results in sick enterprises which sooner or later will provide employment for no one, e.g.: Eumig and VEW. And Funder and VOEST.

In this situation, Jens Tschebull has in all seriousness proposed that work time not be reduced, but in fact that it be increased, with workers' salaries remaining unchanged. A brilliant idea--perhaps all other industrial nations should adopt it also. Then all of us could double our productivity.

And no customers to be seen anywhere.

Let us proceed along these lines some more: perhaps the salary level could be reduced not only per working hour, but overall. This would make our products still cheaper, and we could produce still more. All other industrial nations should do likewise. This would then destroy the in-country markets, and every country's interior market is well known to equal the export market of every other country. In this manner we could even accelerate the deadly spiral, and with some strenuous exertions we would find ourselves back in 1929.

I am sorry that my reasoning keeps bringing me back to the same point of departure. Jens Tschebull's thinking would be justified if there were limitless markets. But there is no such thing as limitless markets. Unless of course we considered it "good business" to make outright gifts of our overproduction to the Turks or the Indians who would neither want to pay us for it nor to show any gratitude.

But if there is no such thing as a stretchable market, if in fact the market is increasingly saturated and the subject of intense competition, then the quest for increased work becomes sheer stupidity.

Every minute of additional work by the VOEST workers would result in additional losses of millions of schillings to that enterprise. Does Tschebull really think that if the hard working VOEST workers were to work overtime shifts a single additional ton of steel could be absorbed by an already oversaturated market?

I have great respect for people who live only to work, who are unhappy if they are not productive every second (I am one of them)--but that is our psychological problem. It is not possible to elevate one's own workaholic neurosis to the status of an economic program: the market cannot absorb the additional effort. Especially not in the guise of work hours. There is however a demand for brainpower which would reduce the need for additional work hours, e.g.: development of computer chips, invention of robots, installation of automation.

To be brutally frank about it: the fate of the VEW, of Eumig, of the VOEST and of dozens of other enterprises does not depend on the sweat of the brow of tens of thousands of workers. It depends rather on the ingenuity of a few engineers who invent the LD system, a new camera or a more efficient production method.

If demands are made on man's physical strength rather than on his brain, he is an inferior, inexact, obsolete piece of machinery. Fortunately his brain enable him slowly but surely to dispense with his musclepower.

SOCIALIST LEADER ON BUDGETARY, POLITICAL PROBLEMS

Brussels LE SOIR in French 12 Aug 81 pp 1-2

[Article by Herve Brouhon, president of socialist parliamentary group: "Facing Our Responsibilities"]

[Text] The budget marathon is finally over, at least as far as its first phase is concerned. During that phase, it was the task of the government to formulate proposals concerning new receipts, economy measures and reductions in spending in order to limit the deficit for the 1982 fiscal year to a maximum of 200 billion francs, set by the EEC as a ceiling not to be surpassed.

The government succeeded, but not without difficulty. Throughout the past weeks and up until the very first days of August, the Eyskens-Mathot team was on the brink of failure nearly every day. At the end of the parliamentary session, serious incidents increased in number in the Chamber as well as the Senate. They took on a bitterness that I had never witnessed in all my years in Parliament.

After the last vote was cast, it was within and around the ministerial team that the friction became particularly intense. The congress called by the Socialist Party on 18 July was considered by some of its partners in the majority to be a *casus belli*. We know that the some 700 delegates it brought together managed to see that it confused its detractors by confirming the will of the Socialist Party to see its ministers, secretaries of state and members of Parliament continue to participate actively in the country's recovery, with respect for commitments made -- that is, by seeing that the rehabilitation of our public finances comes about in a spirit of justice, without questioning the principles of such essential conquests as social security or the linking of wages and benefits to the index; by ensuring that a policy of economic recovery would mobilize available forces, that tax fraud would be fought with action rather than words or statements of intention, that hope would be returned to those living in fear of losing their jobs, not regaining the one they lost and, for young people, of not being able to use their education, the trade they have learned.

The measures announced by the government do not swerve from these objectives.

They should be translated into royal orders or bills, depending on the case. Parliament should take a stand on most laws, just as it must do on the ways and means budget in order to put governmental options into effect.

New difficulties are therefore to be predicted. While all those who placed their hopes in an initial difficulty of a dubious nature (a ministerial crisis in the very midst of the recess) are now frustrated, their reactions show that they have not disarmed and that their determination to plunge our country into chaos remains stronger than ever.

This situation at least has the merit of giving each individual a stunningly clear view of the position of all parties involved.

On the side of the liberal opposition, Gol's statements are particularly revealing of the state of mind reigning within the PRL [Party of Liberty and Reform] and the PVV [expansion unknown]. They indicate what fate would be reserved for workers, employees in the private sector, government employees, the sick and disabled, the unemployed and independent workers who are not lucky enough to head a big business, if perchance they should come to power with the support of the right wing of the Christian family and, who knows, of community parties.

On the side of the "pressure groups" which the partners or rather, the social interlocutors, are, the language is also one of criticism.

The Federation of Belgian Enterprises (FEB), the natural ally of the PRL, the PVV and the Christian right, including several former ministers and elected officials among its leaders, speaks of a budget that "cannot be taken seriously" and of the excessively heavy burdens to be borne by management and owners.

For its part, the FGTB [General Federation of Labor of Belgium] believes that the bill to be paid by the workers is too high, while the CSC [Confederation of Christian Trade Unions] joins with the League of Families to protest measures that might affect family allocations.

It is a fact that the 1982 will require sacrifices of all social groups, except those on the bottom of the scale. It is also a fact that the government plan will require further negotiations with the economic and social organizations involved and, I repeat, serious discussions in the Chamber and Senate. Several of the provisions will undoubtedly be the subject of modifications and amendments in one direction or the other. But we must realize one thing, even if it is difficult to accept: If we want to avoid the worst, the goal of limiting the budget cannot be abandoned on any pretext.

Even early elections, of which some are already dreaming, would change nothing. The inevitable promises of the parties would only reduce government receipts, increase its expenditures and therefore, worsen the country's budgetary situation.

The time for shrewd calculations based on partisan interest is past. Public opinion is tired of personal quarrels, useless controversies, word battles and the distortions it has witnessed for too long. It wants the truth, however difficult it may be to read or hear.

The government deserves credit for assuming its responsibilities and so does the Socialist Party.

Let it continue its task and Parliament its own, with all the necessary determination.

The current government coalition has not yet fulfilled the entire contract binding it. Constitutionally speaking, it has until the second Sunday of the month of May 1983 to complete the work it has undertaken. Giving up would not only mean breaking the commitments made, but dealing a low blow to our democratic regime, which has taken only too many such blows in recent years.

I dare to hope that those who claim to be part of the majority and who are concerned about the future of our country, whose restructuring must be completed, share that opinion.

P.S. On Monday morning, three pieces of information came in requiring an immediate reaction:

1 -- The first is a statement which the prime minister made to LA LIBRE BELGIQUE on the subject of Belgium's new structures. For us socialists, there can be no question of retreating. On the contrary, the work already done at the cost of so much effort must be completed amidst clarity, within the time agreed on and with respect for commitments made. The regionalization of Brussels must become a reality and all the organs of regionalization and communitization must be established in keeping with the constitution and the laws passed by the special majority.

2 -- The second piece of information comes to us from the United States and concerns the air controllers strike and the measures taken by President Reagan regarding the strikers: mass firings, fines, imprisonment. This is a quite singular conception of freedom not unlike the one which the American President denounces in certain dictatorships, while claiming to be a champion of liberalism!

3 -- The third piece of information comes to us from the same country and from President Reagan as well. The decision he made to give a green light to construction of the neutron bomb can only fill us with horror. This new means of destruction, which wipes out human lives while leaving material facilities nearly intact in its radius of action, is somewhat diabolical, inhuman. Naturally, this is a specifically American problem.

But let it be known that while the Socialist Party cannot accept violations of freedom in countries of the East, Soviet intervention in the affairs of other countries and particularly in Afghanistan and the demonstrations of force made at one time or another in Budapest, Prague or Poland, it is also not ready to allow Belgium to be turned into a vast depot of offensive weapons that would enable our allies in the United States to wage I do not know what kind of an ideological war.

11,464

CSO: 3100/906

BONN PRESENTS STEEL INDUSTRY PROGRAM

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 1 Aug 81 p 9

[Article by K.B.: "Bonn Passes 'Steel Package'"]

[Text] Bonn, 21 July--As a precaution the Federal Government prepared a proposal to the Brussels Commission, calling for a compensatory levy on subsidized imported steel. It is part of a "steel paper" that has just been passed by the cabinet. According to the statement of intent the Federal Government is not willing to accept the permanent threat to German jobs and steel enterprises caused by massive falsifications in competition. The crucial prerequisite for a consolidation in the steel industry is the establishment of prices that at least cover the costs. Consequently, the Federal Government expects that all participating members--in keeping with the European resolutions--will strictly adhere to volume and price regulations. In case of a new threat of a fall in prices, the Federal Government will immediately request protective measures from the Commission.

On the condition that steel enterprises will fully exhaust all their possibilities for rationalization and restructuring, the Federal Government will provide "supportive" assistance. The cabinet emphatically rejects proposals for restructuring this economic branch and creating a "German steel company." It is not in the interest of the public sector or the steel consumer.

The financial volume of the steel program for the years between 1982 and 1985, as announced by the Federal Government, is to amount to approximately DM 1.3 billion. Information has been confirmed (FRANKFURTER ALLGEMEINE of 31 July) that four relief measures have been established: 1. A 4-year steel-research program totaling DM 600 million. 2. Improved social measures for retiring steelworkers totaling DM 280 million. 3. Investment allowances of 8.75 percent for replacement jobs at steel company locations. 4. Investment allowances of 10 percent for restructuring and rationalization in the steel industry. A draft containing these points is to be submitted. Taking into account the investment allowances, a tax loss of DM 350 to DM 400 million is expected. Laender will lose about the same amount, taxes for local communities should decline by approximately DM 50 million.

Government Spokesman Kurt Becker explained that this "steel package" was primarily intended for "steel industry locations like Dortmund, Duisburg, Amberg, etc." The Federal Government is hoping for a close cooperation with Laender and local communities.

8991

CSO: 3103/398

BONN'S AID TO STEEL INDUSTRY CALLED INSUFFICIENT

Duesseldorf HANDELBLATT in German 3 Aug 81 p 2

[Article by Heiner Radzio: "Unsolved Problem"]

[Text] The innocence is gone. And yet no real sin is being committed.--This is in essence what the relief measures amount to that have been provided by the Federal Government to help the ailing German steel industry.

The sum of DM 1.3 billion--distributed over a 3-year period--is hardly more than a drop in the bucket. Hoesch-Estel in Dortmund alone requested assistance amounting to the above figure.

It is proper to tie investment assistance to certain criteria, for instance, the deposition of a convincing structural concept or futuristic research endeavors. But that is precisely the problem: Those steel enterprises that need state aid the most will also have the greatest difficulties providing from their own resources 80 to 90 percent of the capital required for the investments under consideration.

The crux of the matter is that well-targeted relief measures would yield better results than this modified sprinkler system, but at the same time it would have a distorting effect on competition. Already now one thing is certain: The problem of the German steel industry which is suffering from an international subsidy competition will at best be slightly ameliorated with this Bonn action, but it will by no means be solved.

8991

CSO: 3103/407

BONN TO INCREASE THIRD WORLD AID DESPITE BUDGET CUTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Aug 81 p 1

[Article by K.B.: "Bonn's Development Aid Budget To Increase Above Average"]

[Text] Bonn, 11 August--In spite of financial difficulties in the FRG, Bonn's development aid is to rise during the next year more than the entire federal budget. This assurance was given to Minister for Economic Cooperation Offergeld by Minister of Finance Matthoefer during the so-called minister talks concerning the 1982 budget. The cash funds for the development budget are to be increased by 4.5 percent to DM 6.1 billion. This means that its rate of increase exceeds, for instance, the defense budget, which is to be increased by 4.2 percent, the same as the total budget. Nevertheless, the agreement between Matthoefer and Offergeld is considerably below earlier statements of intent on development policies made by the Federal Government. Two years ago the FRG cabinet established a goal, according to which the development budget was to rise twice as fast as the growth rate of the federal budget. The original plan for 1982 was to increase public development aid by 8.8 percent. According to a comment by the Ministry for Economic Cooperation, financial bottlenecks are such that even with respect to development policies not all plans can be kept. Nevertheless, it is remarkable that next year's development budget will also grow at an above-average rate. Not only the coalition fraction but also the opposition had supported a disproportionate increase.

The minister for food will have to put up with additional cuts in his budget. Affected by cuts are, above all, investments for coastal protection, for field clearing and water management as well as the support of individual farms. These funds are listed under the heading of "Common tasks for the improvement of agrarian structures and coastal protection." Matthoefer wanted to cut as much as DM 170 million. He agrees with Ertl on cuts amounting to DM 45 million. As a consequence, DM 1.05 billion will be available next year for common tasks. DM 955 million will be used to fulfill existing obligations, DM 100 million are needed to cover remaining expenses for the current year. Consequently, the Ministry for Food cannot make any new commitments for 1982 in this area. It has already been criticized on Tuesday by the Farmers Association. Nothing is working anymore, is the comment. In addition, there is the overall cut of the 1981 budget, which includes DM 40 million to be trimmed from the federal subsidy of agricultural accident insurance. The Federal Government is beginning to destroy the social net of German agriculture.

The result of the budget talks between FRG Minister of Finance Matthoefer and Minister for Research von Buelow were also announced on Tuesday. The research budget,

which had been expanded considerably under Hauff, Buelow's predecessor, had already been cut in 1980 and 1981. Right now an additional DM 330 Million will have to be trimmed from the research budget within the framework of overall minimum outlays for 1981. According to announcements by the Ministry for Research, talks between von Buelow and Matthoefer revealed that following previous cuts, the budget will rise by 7.6 percent.

8991

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ECONOMIC STRENGTHS, WEAKNESSES VIEWED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Aug 81 p 9

[Article by Lothar Julitz: "No Longer Competitive? The German Economy's Ability To Compete"]

[Text] The dramatic change in the FRG's balance of payments, as well as a continuing and unusually high rate of unemployment, are the most visible signs of problems that the German economy has hardly ever before experienced to the same degree. Granted that while the situation in other industrialized Western countries has also deteriorated since the second oil crisis, the causes are not to be traced solely to the increased price of oil. More important is the fact that the German economy appears to have lost part of its competitive vigor. This is evident from numerous examples; the reasons for it are multiple.

In international trade the Federal Republic still holds a commanding position. Ranking only behind the United States, it is still the most important export nation, being at once the dominant world supplier of industrial goods, as well as the leading Western exporter to the Soviet bloc. Still, this position was attained as a result of the dynamism of the 1960's. Since then, not only world industrial production, but world trade as well, have increased more rapidly than has the growth rate of West Germany. The German economy has shown a tendency to lose shares even of markets for finished goods, in which it had always shown traditional strength, e.g., machinery and vehicles as well as chemical products. In the past 10 years the German share of world industrial production has dropped from 9 to 7 percent; of world exports, from 13 to 10 percent.

This diminished competitiveness is reflected also in German domestic markets, where foreign products have gained increasing significance in almost all sectors. Thus, in the past year, imports claimed a share of almost one quarter of total domestic purchases of the average of all finished goods as compared to a mere 10 percent 20 years ago. Imports have made a particularly heavy impact upon domestic markets for capital goods, where German products for years were assumed to hold an assured position, free of competition.

Where, at the beginning of the 1960's, less than one-tenth of German purchases of capital goods were made abroad, this import share has now risen to almost one-quarter. Even earlier growth sectors, such as machinery, motor vehicles and electronics have been no exception to this trend. Among traditionally less growth

oriented consumer goods lines such as shoes, textiles and clothing, porcelain and glass, foreign supplies have even further expanded their established and relatively strong position.

There is no denying that export weaknesses on the one hand and import pressures on the other have been brought about in large part by the upward valuation of the D Mark during the 1970's. Thus the foreign value of German currency as against those of its most important trading partners rose between 1970 and 1978 by an average of 50 percent, particularly affecting Italy, Great Britain and the United States. Even when upward price and cost pressures, which were generally weaker during this period, especially in West Germany, are "offset," there still remains a substantial "real" upward valuation, tending to hike the cost of German goods abroad and, conversely, to bring down the prices of foreign products in the Federal Republic.

In addition, Germany in the 1970's became a country of increasingly high wages. Based on manufacturing industry averages, wages and salaries per employee rose an annual 10 percent between 1970 and 1978 at a rate twice that of labor productivity. This means that labor unit costs rose during the same 10-year period at an annual rate of 5 percent. This burden naturally fell heaviest on those branches which had achieved a less than average annual growth rate.

In general, the German economy's productivity advance over the past 10 years has shown an even further leveling out when compared to the preceding two decades. A similar trend is, of course, evident for other, comparable industrialized countries. Yet what remains troubling is the fact that productivity rates in West Germany have continued to shrink in recent years while they have shown an opposite trend in rival industrialized countries, especially in Japan, France, Austria and even in Italy, Norway and Sweden.

One explanation for Germany's weaknesses in productivity can correctly be found in the continued undervaluation of the D Mark throughout the 1950's and 1960's. This did, over a long period, provide a significant competitive edge over foreign rivals. As a result, many firms deferred or neglected those investments which would have been urgently needed for a boost in productivity and a consequent guarantee of long-term competitive strength. As a result, according to the findings of the Kiel Institute for International Economics, there has been a tendency to prolong the use life of investment goods so that the most advanced technologies tend, as a rule, to be put on line only after long delays.

As a consequence of the undervaluation of the D Mark, the Federal Republic proved for many years to be an exceptionally attractive site for industry, attracting foreign direct investment and technology as well as less than fully trained "guest workers" from abroad, while other highly industrialized countries were generally producing their own technology as well as exporting capital, employment opportunities and technology. In the 1970's, increasing pressure upon industrial earnings, resulting especially from the snowballing of wage rates, caused the partial or total neglect of investment in technological advances that would have enhanced productivity.

More recently the devaluation of the D Mark has of course somewhat improved Germany's competitive position. As a result, a "real" competitive advantage of

from 10 to 15 percent can be recorded since the fourth quarter of 1979 as compared to cost and price advances in other countries. Yet this cannot be regarded as any kind of patent medicine if only because of price increases resulting from enormously more expensive imports. If foreign trade problems resulting from oil prices are to be dealt with effectively and with a minimal attrition, the only solution left which holds any prospect of success is the bolstering of internal competitive strength. This, however, is only possible through improved productivity and/or labor cost restraint.

9878

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STUDY FORECASTS CONTINUED WEAK ECONOMY

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 14 Jul 81 p 6

[Article: "Rhine-Westphalian Institute for Economic Research: Weakness Continues"]

[Text] Essen--DPA/VWD--In the view of the Rhine-Westphalian Institute for Economic Research (RWI), persistently high burdens continue to drain the strength of the economy. The RWI (Essen), which is considered one of the leading research institutes, is pointing to wage settlements, state finances and interest rates when stating that the economy is not expected to recover "on its own" during the second half of the year but that it will "continue to be weak."

In its new economic report the institute, which traditionally is highly critical of labor unions, lists the size of wage increases that were granted this year among the negative influences and it holds labor unions as well as employer's associations responsible for it. Furthermore, the monetary policy--"deserted by fiscal policies"--is keeping a tighter rein on the money supply than is necessary for the financing of an adequate growth and for the stabilization of cost and price levels.

In the opinion of the RWI, the "swelling" debt of the state has contributed heavily to the problem. "Not only did it first cause a rise in the interest rate and later keep it from receding, it also was responsible for the loss of confidence in the policies of the Federal Government." The economic researchers do not expect that the new DM 6.3 billion investment-promotion program will be any more successful than the tax relief package of 1981.

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STUDY SHOWS ECONOMIC YIELD DECLINES WITH MONEY SUPPLY

Frankfurt FRANKFURTER RUNDSCHAU in German 14 Jul 81 p 6

[Text] The industry-linked Institute for the German Economy (IW) in Cologne sees German enterprise as inadequately equipped for the innovation and investment challenges of the 1980's. According to an institute study, capital resources and business yields have seriously deteriorated since the end of the 1960's.

What particularly concerns the industry-supported institute is the fact that the proportion of capital resources in the balance sheets of all enterprises, amounting to some 31 percent in 1967, has shown a constant decline since then to a 22 percent level in 1979. The institute is also disturbed by the falling off of profit levels. Turnover yield--an index signifying the relationship of net annual surplus after taxes to turnover--has shrunk from 3.3 percent in 1967 to 2.4 percent in 1979.

The "declining yields among industrial corporations" was characterized as particularly pronounced. While the period 1965 to 1970 showed a net turnover yield of 3 percent annually, it shrank by more than 2.2 percentage points in the years 1971 to 1973 to an average level of only 1.7 percent in the period 1974 to 1979.

In the opinion of the institute economists the resulting "loss of capital must be dealt with urgently" in order to assure international competitive strength and to maintain employment. How this is to be achieved is not spelled out explicitly in the institute's documentation, though analogous demands by trade and industry have already been put forward. Either employees or the state (or both) will have to foot the bill. Thus a policy of "wage restraint" would bring about a redistribution of income to the advantage of industry. On the other hand, the creation of capital resources within enterprises could be promoted by tax relief measures.

The institute puts forward a number of reasons for the dangers resulting from diminished capital resource rations. For one, they point to the fact that a high "vertical" capital resource ratio would serve to assure the continued stability of enterprises since interest and amortization obligations would be of less consequence given a high capital resource share. For another, a high degree of capitalization would be a precondition for the acquisition of credit during periods of business growth.

The institute calculates how much additional new capital would be necessary to achieve the healthier capital proportions of the past (1968/69). The conclusion: "In the national economy there exists a 'capital gap' of DM 144 billion, 58 billion

of which is found in manufacturing industries and, within that sum, a deficit of DM 30 billion among industrial corporations." This deficit of liability capital within the national economy corresponds to the amount that German firms would have invested in 1979.

The institute admits that the horizontal proportion, i.e., the proportion of capital in fixed assets, has developed more favorably. This stood at 70 percent in 1979, approximately 2 percent higher than it had 12 years earlier. The institute economists warn, however, against drawing false conclusions. This advance does not result primarily from improved capitalization but merely from the diminished growth of fixed assets during the 1970's.

9878

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MACHINE INDUSTRY INCREASES EXPORTS AS DM VALUE FALLS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 5 Aug 81 p 11

[Article by Sch.: "Machine-Building Industry Regains Lost Territory"]

[Text] Frankfurt, 4 August--The continuing devaluation of the German mark against the dollar has sharply increased German exports. In machine building, the biggest German industry, this year's exports constituted the biggest share of business. According to figures by the Association of German Machine and Equipment Builders (VDMA), there was a real decline of 7 percent in domestic orders during the first half of the year when compared to the same period last year; foreign orders, however, increased by 8 percent during the same period. Consequently, the machine industry registered a real gain of 1 percent by the end of June.

Favorable export conditions are now also reflected in the development of the sales volume. As recent as January, real export sales were 8 percent below those of last year. At the end of May, allowing for price adjustments, it was only 0.9 percent lower. As a result, the association expects a 2-percent real growth in export sales, which means that the share for exports will again exceed 60 percent (in 1980 it was 58 percent). "It is more than the machine-building industry could expect at the beginning of the year," the association comments. Within a "surprisingly short time" the industry has regained shares of the market that had been lost during the 1970's.

German enterprises do not only have price advantages because of the dollar revaluation (within 1 year more than 30 percent), they also benefit from the fact that the rate of inflation is considerably higher in those countries that are their most important competitors. In addition, other currencies, for instance, the pound sterling or the yen, have also risen against the German mark. Japan, the United States and Great Britain certainly are the most important competitors for the German machine-building industry on third markets. This applies, above all, to the OPEC countries, which at the present time offer exceptionally good markets for capital goods.

In addition, German machine builders are constantly increasing their market share in the FRG. The price index alone is an indication of how much the pendulum has swung in favor of German machines on the domestic market. In May German producer prices were 4.9 percent higher than during the same month last year; import prices, however, were 10 percent higher. As a consequence, between January and May real

imports of machinery fell by as much as 2.3 percent when compared to last year's value. Nominally, however, the same period saw an increase of 6.8 percent, due to hefty increases in import prices.

Nevertheless, the favorable export boom has not yet had any impact on production. During the first quarter real production of machinery was 3.5 percent below last year's figure. Still, the individual branches in the machine-building industry developed in a considerably different manner. While the production of agricultural machinery (minus 17 percent), hoisting equipment (minus 5.9 percent) and building and building-material machinery (minus 5.6 percent) reflect the weak investment trend in their client industries and while the largest branch, the machine-tool industry (plus 0.7 percent), is still affected by the anticyclical investment policy of the automobile industry, partially strong rates of growth in the production of wood-processing machinery (plus 4.7 percent), precision tools (plus 9.3 percent) and in aerial technology (plus 9.2 percent) are apparently based on special economic developments. A spectacular growth has taken place in office and information technology, showing a real increase in production of 17.4 percent.

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EXPANDED ARMS PRODUCTION, EXPORTS FAVORED TO INCREASE JOBS

Bonn DIE WELT in German 24 Jul 81 p 4

[Article by Ruediger Moniac : "Support for Arms Exports Increases With Joblessness"]

[Text] Weapons production and arms exports are seen by the people more and more in connection with the protection of jobs. This is the result of a representative poll by Infratest on behalf of defense technical enterprises. In the light of interviews with 2,000 persons in November, 1979 and again in April, 1981, the institute established that the number of persons favoring weapons production for economic reasons has clearly increased.

This number increased in this time period from 41 to 48 percent. At the same time, the portion of those presenting technological arguments--industry's ability to compete and innovate--sank from 53 to 45 percent. The trend in question of weapons exports was similar. With 35 percent, the number of opponents in November, 1979 was greater than the number of proponents (25 percent). Undecided were 38 percent. In the meantime the number of proponents has increased to 33 percent, whereas the portion of those opposed to arms exports has remained nearly constant with 34 percent.

The results of the poll show that this reversal can be attributed entirely to the males questioned. Here especially the number of undecided fell sharply. Among women, on the other hand, there are now more opponents of German weapons exports in 1979 (37 to 34 percent). The younger generation takes a critical view of weapons exports: For those 14 to 29 years of age, the portion opposed is nearly twice as high as that in favor (41 to 22 percent). The idea "the production of German weapons endangers the peace" is rejected by 49 percent of the population while 37 percent are of this opinion.

9746

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KRUPP, HOESCH PLAN STEEL COOPERATION

Hamburg DER SPIEGEL in German 10 Aug 81 pp 68-69

[Text] The two steel managers were in the best of moods when they said good-bye to their host, Reimut Jochimsen, economic minister of North Rhine-Westphalia.

"We feel that we and our problems are in good hands with you," is how Alfons Goedde, director of the board of Krupp Stahl AG in Bochum, expressed his thanks. And Detlev Karsten Rohwedder, general director of Hoesch, even found that Jochimsen had been "outstanding in crisis management."

At the beginning of July the two managers and the minister reached an agreement after 2 hours: Hoesch in Dortmund and Krupp in Bochum are--with the well-meaning support of the Lang government--to be locked together as tightly as possible.

Together the two steel companies want to cut costs and reduce excess capacity. Thus, Hoesch and Krupp, numbers two and three among German steel producers, will agree on production locations and will work out who can produce what the best.

But it is not to remain that way. The ultimate goal of the cooperation is the establishment of common operating corporations, which will then be controlled by a holding company.

The Land government in Duesseldorf is pushing for speed. "By the end of August," according to Minister Jochimsen, Goedde and Rohwedder are to turn in their work---a detailed concept of the cooperation to the point of merger.

In order to stick to Jochimsen's timetable, Rohwedder and Goedde have set up board staffs, which will examine costs and savings opportunities in all operating units. They will also work out proposals for how the individual product lines can best be coordinated. Representatives of both concerns meet regularly to exchange figures.

The planned radical cure seems to be the last chance for both enterprises. Hoesch was able to muddle through only because its Dutch partner Hoogovens covered more than DM 1 billion in losses by the German partner in the last 5 years. The Westphalian iron and steel concern (about DM 7.7 billion in sales) must count on a further loss of at least DM 500 million in 1981.

It will be a bad year for Krupp as well. The steel company (about DM 6.2 billion in sales) is presently losing about DM 50 million every month. And unlike Rohwedder's Hoesch, Goedde's concern has no partner to absorb the losses.

For the parent company Fried. Krupp BmbH in Essen is not prepared to do that. Fearing that the steelworks could pull the entire machinery and equipment concern into a crisis, the head office in Essen would rather separate from the ailing subsidiary than take over its losses.

Concern director Berthold Beitz, according to the word in the Krupp administrative office, would prefer to give up the steelworks for the symbolic price of DM 1. But no one, not even industry leader Thyssen, can afford to accept a gift like that.

For years German steel companies have complained that the unequal competition in Europe has ruined their business. They claim that they must face foreign competitors who reduce prices despite hopelessly outdated production plants, because the government covers their losses.

The EEC in Brussels tried to put an end to the ruinous competition with a system of production quotas. But in the long run, according to EEC Commissioner Etienne Davignon, only a radical reduction in capacities by means of "extensive cooperation" could save the European steel industry.

In the meantime the governments in Bonn and Duesseldorf are prepared to initiate a DM 1.8 billion program to ease the way for the necessary structural restoration in the German steel industry. In two weeks, when Hoesch and Krupp put forward their common program for contraction the first thing they can count on is help in the way of tax monies.

But not just the state is to pay. Economic Minister Jochimsen demands that the owners of both steelworks and the banks should have to make an "appropriate contribution."

Jochimsen wants each to shoulder one-third of the burden of the reorganization plan. Then Bonn and Duesseldorf are to guarantee the rest.

And although the bankers are still offering strong resistance to the minister's proposal, they are hardly likely to reject it. For example, especially the Deutsche Bank is heavily involved with Hoesch. If the banks do not wish to endanger their previous loans, then they must once again contribute money.

Private and government money for the steel industry could in the course of the years once again add up to billions. For Rohwedder wants to proceed with the construction of new steelworks in Dortmund. The investment of approximately DM 1.5 billion is to replace the outdated blast furnaces and preserve at least some of the jobs in Dortmund.

Rohwedder still needs the approval of his 50 percent-partner Hoogovens before he can realize his plans with Krupp. The IG Metall has already given him its endorsement. For the cooperation of the two steel concerns means fewer lost jobs than there would be if each company were independently forced to make mass layoffs.

Some aspects appear promising, at least in the planning. Thus, in the future orders by Hoesch are to help the Krupp plant for converter steel in Rheinhausen work closer to capacity. In exchange the company in Dortmund wants to shut down parts of their obsolete factories and build the new steelworks only half as large as originally planned.

Krupp, on the other hand, can profit from the up-to-date Hoesch plate processing plants. For Hoesch is leader in galvanizing, tinning and the layering of plate with synthetic substances.

In the meantime the steel experts in Bochum and Dortmund have done an excellent job of coordinating their production planning. As in the knocking down procedure at an auction, they are already deciding who will produce certain products--right down to smaller operations with a hundred workers.

To be sure, a weighty problem that could be very irritating remains for Rohwedder and Goedde: Who will be head of the new steel concern on the Ruhr?

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SUMMER UNEMPLOYMENT HIGHEST SINCE 1952

Bonn DIE WELT in German 5 Aug 81 p 1

[Article: "Since 1952 There Have Never Been So Many Unemployed People"]

[Text] Bonn--In July the labor market situation in the FRG saw a dramatic change for the worse. Josef Stingl, president of the Federal Office for Labor, reported yesterday that the number of unemployed persons reached 1,246 million, an increase of 120,000 over last month's figure. It is the highest number of unemployed people in July since 1952. The unemployment rate rose from June to July from 4.8 to 5.3 percent.

In accordance with the season, the number of part-time workers declined by 95,500 to 221,000. Employment offices knew of 160,000 openings, almost 19,000 more than in June. Stingl emphasized the fact that he had not expected unemployment to reach such high figures in July and that he also was not optimistic for August. All signs seem to indicate that the rise in unemployment that was expected in the winter had already occurred during the summer. According to Stingl's figures, the average number of unemployed people between January and July is now 1.197 million, an increase of 320,000 over the same period last year.

Unemployment rates that are considerably above the FRG average can be found in Lower Saxony-Bremen (6.8 percent), North Rhine-Westphalia (6.5 percent) and Rhineland-Palatinate-Saarland (6.0 percent). In Schleswig-Holstein, Hamburg and Berlin the rate is 5.6 percent. Lower rates can be found in North Bavaria (3.7 percent), Hesse (4.4 percent), South Bavaria (3.7 percent) and Baden-Wuerttemberg (3.4 percent).

For the first time since the establishment of the Land, the number of unemployed persons in North Rhine-Westphalia exceeded 400,000. In the cities of Cologne, Aachen, Dortmund, Duisburg and Gelsenkirchen the unemployment rate reached between 8.0 and 8.5 percent.

Yesterday the Land employment office in Duesseldorf declared that except for the wintertime there has never been such a rise in unemployment on the Rhine and Ruhr. The only district employment office in North Rhine-Westphalia that has an unemployment rate below 5 percent is Bonn (4.2 percent).

CDU Social Expert Heinz Franke interpreted the most recent figures as an obvious result of a "total collapse" of the employment policy of the coalition government.

SPD Deputies Eugen Glombig and Egon Lutz demanded, above all, impulses for employment policies financed through supplemental contributions. In this connection Lutz criticized FRG Minister for Economics Otto Graf Lambsdorff (FDP), whose "faith in the economy and trust in the famous investment strength of German enterprises" was more than ever out of place. The CDU expert Franke expressed doubts that a program of subsidized employment financed through supplemental contributions could prevent a new record number of unemployed persons, because the ensuing decline in purchasing power would have a very restrictive effect.

CSU Deputy Rudolf Kraus accused the Federal Government of being unable to remove political barriers to necessary investments. As examples he mentioned the energy field, telecommunications and housing construction. In the opinion of Walter Quartier, deputy chairman of the German Salaried Employees Union, a consolidation strategy is now mandatory to curb public deficits and also strengthen outlays for increasing employment.

8991

CSO: 3103/407

NO POSTAL DEFICIT FORECAST FOR 1982

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 12 Aug 81 p 9

[Article by K.B.: "Minister for Post Insists on Higher Postage Rates"]

[Text] Bonn, 11 August--In spite of criticism among the population, in parties and in industry of the planned drastic increases in postage rates, the Federal Postal Service wants to secure additional revenues in 1982 in the amount of DM 2.3 billion. Minister for Post Gscheidle is thus insisting that fees are to be increased to the extent as proposed and as early as 1 March 1982. The coalition requested a moderation in the size of the increase and also a postponement until 1 July. Gscheidle just replied in Bonn, saying that he had to accept all the different suggestions from the political and economic areas; for the time being, however, it would not result in any changes in his own proposal. Among the provisions are that rates for a standard letter will rise from 60 to 80 pfennigs and for a postcard from 50 to 70 pfennigs.. Gscheidle has just mailed his rate proposal to the administrative council of the Federal Postal Service. The administrative council will confer and make a decision on it on 4 September. A preliminary decision will come on 26 August in the subcommittee of the administrative council.

Gscheidle is defending himself against the accusation that he is driving up rates. This accusation came also from the Neckermann mail-order house, which took out an advertisement calling on its mail-order customers to join in a protest action against the minister for post. Gscheidle acts as if he is surprised about the form of the advertisement. To date there has existed a cooperative atmosphere between the ministry for post and the mail-order house. The minister is not unaware of the fact that for a mail-order house like Neckermann between 7 and 10 percent of the net income from sales is consumed by postage. To date, however, mail-order businesses have enjoyed unusually high subsidies for postal fees from surpluses in the telecommunications system. All the packages that are shipped every year by Neckermann are subsidized at DM 4 each--like all other packages--since the mail-order house does not pay the actual costs of mailing packages.

In a similar manner Gscheidle rejects the criticism by seven economic associations who claim that the Federal Postal Service permits itself to be used as a tax agent. Even if there had not been a decision to give 10 percent--instead of 6.67--of the receipts to the Federal Government, an increase in postage rates could not have been avoided. At best it could have been postponed by 3 or 4 months.

In Gscheidle's view, aside from a few exceptions, his planned rate increases would keep the added cost within reasonable limits for private households and industry.

Like any other "sensible" business enterprise, the Federal Postal Service is forced to undertake price corrections to avoid red figures, which are already in view for 1983. Without an increase in rates, the 1982 profit for the Postal Service would only be DM 648 million. After that, there is the possibility of a DM 789 million loss for 1983 and of DM 2.4 billion for 1984. Following the proposed increase, revenues are to take the following course: After DM 976 million in revenues for this year, the next 2 years are to show profits that will amount to DM 2.3 and DM 1.8 billion and in 1984 it will be close to DM 30 million.

The change in postal rates, Gscheidl says, is only slowing down the unfavorable economic development experienced by the Postal Service. The planned increase in postage rates will not eliminate the deficit of the Postal Service. At the present time only 80 percent of the Postal Service costs are covered. Without increases the coverage of costs would be reduced to 73 percent by 1984; rate changes could stabilize the covered costs at 83 percent. Surpluses in telecommunications are urgently needed for investments. It is indefensible to use these surpluses exclusively as subsidies for the unprofitable Postal Service.

Against this background Gscheidl establishes four goals for his rate proposal:

1. The Postal Service is to remain an unsubsidized, independent enterprise.
2. The goal is to introduce appropriate rates that will lead to financial independence.
3. Fees for various services are to be set more fairly.
4. There is to be a correction in the imbalance of revenues in the Postal Service and the telecommunications system.

Relief for Telephone Customers

Bonn, 11 August--Kurt Gscheidle, FRG minister for post and telecommunications, wants to reduce costs for telephone customers by DM 130 million annually.

A provision for changes in telecommunications regulations was submitted by the FRG Ministry for Post and Telecommunications--in conjunction with the new postal rate proposal--to the Postal Administration Council for a decision during its session on 4 September. The submitted proposal contains regulations for the expansion of same services and measures for rate changes.

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CS0: 3103/408

BUDGET CUTS TO RESULT IN CONSULATE CLOSINGS

Hamburg DIE WELT in German 29 Jul 81 p 1

[Atticle by Bernt Conrad, Bonn: "Genscher Forced To Close Consulates. Foreign Office Fears Impact Upon Foreign Cultural Policy"]

[Text] As a result of projected 1981 budget cuts affecting 81 positions, the Foreign Office will be forced to shut down a number of consulates and general consulates abroad. Further cuts for 1982 are feared following current administration budget conferences, which will presumably lead to major setbacks for cultural policy abroad.

Diplomats in Bonn view this prospect as politically very detrimental, because the relatively modest fiscal savings in the foreign service can lead to substantial loss of effectiveness and good will in the countries affected. This is true not only for the abandonment of consular representation but also for the closing of individual Goethe Institutes which could be necessary as a result of the planned cutbacks.

The German foreign service, numbering some 6,000 civil servants, is, according to official estimates, only half the size of those of France or Great Britain for example, not to mention the United States. The personnel roster of the Foreign Office has increased by only 117 foreign and 95 inland positions since 1970, although West Germany's admission to the United Nations and the initiation of diplomatic relations with 47 other countries, including China, as well as the strengthening of relationships with the Soviet bloc have all imposed many new demands upon Bonn's diplomatic establishment.

Within the past 10 years, according to information from the Foreign Office, staff levels at the UN missions in New York and Geneva have increased by 51; at the Moscow embassy by 31 and at Warsaw by 38. The newly opened embassy at Peking has a staff of 30. To be able to fill these 167 new positions, staffing at other missions has had to be substantially reduced.

"For years now we have been living off our capital. Which is why staff cuts can only be achieved by closing missions," is the response at the Foreign Office. The trend is seen as ominous, particularly because existing emergencies in the diplomatic service call for an increasingly flexible staff response. As case in point, the pressure of ethnic German and Polish applicants for visas to the Federal Republic is currently so great that no fewer than 30 employees at the German embassy in Warsaw are engaged in their processing.

NATION'S ECONOMIC LOSSES IN KHOMEYNI'S IRAN NOTED

Zurich NEUE ZUERCHER ZEITUNG in German 9-10 Aug 81 p 11

[Article by P.K.: "France's Economic Interests in Iran"]

[Text] Paris, 7 August--It is expected that the withdrawal from Iran of French technicians and company representatives will damage the remainder of industrial relations between the two countries. Although there was a steep rise in 1980 in the export of French goods, business transactions involving big industries and construction equipment stagnated and at the same time petroleum imports from Iran by France stopped completely. Most of the French firms that are still represented in Tehran are limiting their activities to the settlement of pending business. Lately, industrial activities have been in evidence only at the construction site of Tabriz, where a thermal-power plant is being erected with French cooperation, as well as the Renault assembly plant near Tehran. Altogether, only 150 Frenchmen were still working in Iran; they are currently awaiting repatriation.

Formerly Brisk Exports of Goods

In 1980, bilateral trade saw a significant increase in French exports; French imports, however, declined. France benefited especially from the international embargo measures against Iran that had been imposed in connection with the American hostage affair. The country increased its shipments of food and pharmaceuticals which were not affected by the trade embargo, whereas those capital goods could be delivered which according to the official French declaration had been ordered before 4 November 1979 (day of hostage seizure). There was a decline, however, in French import from Iran. In 1980 they amounted to approximately 3 billion French francs and were in balance with exports. Since 1980 France has not bought any petroleum from Iran.

Annulment of Large Orders

According to information available in Paris, the loss of business in Iran that has occurred since the Khomeyni revolution amounts to approximately 10 billion French francs. In April 1979, for instance, shortly after Khomeyni's return from French exile, an order for two nuclear power plants at 930 megawatts each was canceled. It had been placed with Creusot-Loire under the Shah regime at a total cost of 15 billion French francs. One month later, an order for the construction of a subway in Tehran, which had been given to an engineering division of the Paris subway, was also annulled. Participation by French enterprises in this subway construction

(62 kilometers of tracks) amounted to about half of the arranged sum of 18 billion French francs. In addition, the Bouygues construction company had been contracted to build 600 public housing units, whereas the Batignolles Electric Company was asked to undertake the electrification of the Tehran-Bandar-Shahpur line. These large orders were also canceled.

Strained Export Risk Guarantee

As long as the damaged firms could prove that shipments had already taken place and that services had been performed but that they were not honored by Iranian customers, the French Export Risk Guarantee stepped in. In January 1981, payments by this institution under the column "Iran Losses" reached approximately 2.4 billion French francs.

In the opinion of French companies the current crisis must be taken seriously; however, it does not mean that orders which are in the process of being fulfilled cannot be completed. Particularly the CGE subsidiary Cogelelex, which was in the process of completing the installation of transformers, switching systems and distribution nets in Tabriz, hopes that it will soon be able to return its technicians to Azerbaijan.

8991

CSO: 3103/406

EEC ASSESSION, RELATIONS WITH CEMA ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek No 28, 9 Jul 81 pp 47-48

[Article by Giannis Karousos]

[Text] With the accession to EEC our country has adopted directly (except in the case of a few transitional arrangements) all the community provisions governing EEC's external economic relations. According to the provisions of article 113 of the [Treaty of Rome] establishing the community, the exercise of commercial policy in principle, as well as the procedures for concluding and carrying out agreements with third countries, fall under the jurisdiction of the community and not of its individual member-states. There is an actual limitation of the possibility to carry out a national trade policy since by adopting the community rules, jurisdiction which (in most cases) was in the hands of national agencies are now transferred to the corresponding community organs (European Communities Commission, Council of Ministers). We specifically note that because of conflicting interests among member-states the Council of Ministers (special majority) plays a decisive role in formulating the community's trade arrangements with CEMA, while the European Communities Commission exercises mainly procedural functions (conducting also the negotiations with the CEMA, following the instructions of the council).

New Facts for the Protection of the Greek Market

The adoption, direct or transitional, of the EEC autonomous and treaty arrangements with the CEMA member-states, brings about significant changes in the national system for the protection of the Greek market.

a. Participation in the autonomous EEC trade policy: participation which necessitates the adjustment of the preexisting national import system and presupposes:

b. The gradual alignment within 5 years (1 January 81--1 January 86), of Greek import duties with the KED [Customs Duty List] duties applied by the community toward the countries of State Trade. (EEC applies special duties on CEMA countries which are not GATT members, while in the case of Poland, Hungary and Czechoslovakia it applies treaty-established import duties which in many cases are below the special duties [applying to the other CEMA members].) This gradual alignment to the community's KED applies to those products on which our country has not followed KED since November 1974 with regard to CEMA countries.

c. More specifically, on imports from Romania our country has adopted the system of general preferences given by the community. This system includes, above all, duty-free rights for imports of Romanian industrial products. This relief does not apply on limitless quantities but on quantities limited according to the problems which may be caused by the competition of Romanian products with the community. Greece since 1 January 1981 has been directly applying this system to the industrial products on which it applied KED duties since November 1974 and gradually (1 January 1981 to 1 January 1986) on the products on which duties will be aligned with the community duty list during the same 5-year period.

d. The immediate application to Greece of the community procedures on dumping in force today with regard to the countries of State Trade.

e. The adjustment of national import limitations applying to the State Trade countries with the limitations applied by the EEC on the CEMA member-states. In practice, for those products on which the community has adopted a unified EEC import freedom (Council Regulation No. 925/79) the import freedom applies directly to our country as well, except for certain deviations during a 5-year period (Annex V to the Act of Accession). For those products on which EEC has not adopted general import freedom (Regulation 3286/80) annual import quotas will be applied either in implementing Annex VI of the Act of Accession or on specific products covered by special decisions of the Council of Ministers.

f. The gradual abolition of national restrictive systems which are regarded as tantamount to import quotas: immediate abolition of price list review systems, abolition in 3 years of cash prepayments, etc. It will be possible to replace them with overview and safety measures but only upon the approval of the appropriate EEC agency and only when the problems are justifiably serious.

The basic principle applied ipso facto in the context of our country's adopting the EEC autonomous trade policy is that of "Communal Preference": During the period of implementing the transitional but also the permanent arrangements, Greece will not have the possibility of granting the countries of State Trade a status more favorable to that applied by the EEC at a given moment.

In practice the principle is applied at three different levels: The regime of trade exchanges applied by Greece on the CEMA member-states cannot be more favorable than that applied to trade exchanges with the EEC countries, to trade with preferential countries, and to exchanges with the GATT member-countries (Free Trade countries).

Contractual Trade Policy

This refers primarily:

a. To the participation in the special agreements signed by the EEC in the context of its overall textile policy limiting exports to the EEC countries by Romania, Bulgaria, Poland and Hungary.

b. The participation in the special agreements limiting exports to the EEC of certain steel products from Romania, Poland, Hungary and Czechoslovakia.

c. To the implementation in our country of the agreement between EEC and Romania which aims at expanding the access of Romanian industrial products to the EEC countries.

In the above three cases, the arrangements have been determined by EEC based on the needs and problems of EEC industry which are not always identical with those of Greek industry. More specifically:

1. The agreements limiting textile exports include protection mechanisms which graduate and move according to the seriousness of problems in the textile industry of the nine EEC countries. This classification of problems does not correspond to the problems of the Greek textile industry which until the accession was over-protected under quotas and other restrictive measures.

2. The agreements limiting exports will be implemented. Thus, the question of production quotas on steel products in Greece has not been resolved.

d. Finally, the EEC-Romanian agreement allows the possibility of protecting sensitive industrial branches to the extent the appropriate community organ will agree to negotiate for them in the context of the joint EEC-Romanian commission

Abolishing the Clearing

The abolishing of the bilateral clearing agreements Greece had with CEMA countries is a second basic obligation applying to Greece following the adoption of the EEC arrangements on autonomous trade policies. This abolition (which creates serious export problems) is due to the fact that such agreements are subject to the provisions of article 113 of the EEC Treaty, the article which specifies that the exercise of trade policy and the signing of trade agreements are under community jurisdiction and no longer under national decisions. The problem evolves primarily around the fact that such agreements may inhibit the implementation of an EEC trade policy toward the countries of State Trade.

It is worth noting that bilateral trade agreements of a general nature between EEC member-states and CEMA are being renewed silently, following approval by the Council of Ministers to the extent that they do not inhibit the implementation of the EEC trade policy. Moreover, the community legislation provides for consultation among the member-states regarding trade negotiations and the signing of bilateral agreements of cooperation with the countries of State Trade. Our country has the possibility of signing bilateral agreements for cooperation to replace the bilateral clearing agreements, but it will not achieve the same benefits derived for the Greek exports under the bilateral clearing agreements. The opportunities for signing bilateral cooperation agreements come from the following provisions of EEC policy:

a. With regard to cooperation agreements, the member-states are free to sign such agreements but they must not include obligations of a commercial nature and must be completely in line with EEC regulations of external trade policy.

b. The question of bilateral agreements is political in character. The council has adopted a series of decisions and bilateral agreements signed by member-states before the end of the transitional period since the founding of EEC

(31 December 1969) and which were reaffirmed as being valid during the normal period as well. These approvals were justified on the grounds that those agreements were not in conflict with the general direction of the joint trade policy and that they do not inhibit the implementation of that policy. Such special dispensations are still being given by the Council of Ministers.

c. According to the assessment by the UN Economic Commission on Europe, the bilateral contractual relations between the EEC countries and the countries of State Trade account for approximately 10 percent of EEC transactions with CEMA members. It is certain that these estimates do not reflect the extent of transactions under the cooperation agreements. With these agreements the countries of State Trade import foreign technology in the form of complete industrial installations and equipment, something which our country is not yet able to export. An illustration of this is our negotiations with the USSR to export oranges in exchange for trucks.

Finally, in order to assure a certain coordination in the trade policies of the EEC member-states in the sector of bilateral cooperation agreements, the Council of Ministers issued a decision on 22 July 1974 "establishing a consultation procedure on cooperation agreements of member-states with third countries." The goal of this decision is to assure a communal coordination in the cooperation agreements signed by member-states and to enable the EEC Commission to obligate the member-states to observe the principle of communal jurisdiction in the sector of trade policy (article 113, EEC Treaty). In this regard, the council's decision includes mainly:

a. A procedure for informing the EEC Commission by the member-states on cooperation agreements and on measures which might possibly affect the transactions which the member-states plan to negotiate or renegotiate (information prior to the negotiations and of course prior to the signing of such an agreement).

b. A consultation procedure following the information if the commission or another member-state so requests.

Thus, if a member-state fails to observe the specific provisions for consultation (especially if the projected measures may affect the communal trade policy or the transactions) or if the projected cooperation agreement falls under the jurisdiction of the community in trade policy matters, the commission may go to the European Court, according to the provisions of article 169 of the EEC Treaty.

In practice the bilateral cooperation agreements provide the necessary coverage for communal enterprises to conclude "equalizing transactions" agreements with the State Trade countries. Such agreements provide for the payment of purchases by communal enterprises with products derived from their investments in State Trade countries. The communal enterprises which sign such agreements take advantage of the financing terms specified under the bilateral cooperation agreements between EEC member-states and State Trade countries.

EEC-CEMA Negotiations

The initiation of EEC-CEMA negotiations reflects an EEC effort to conclude long-term nonpreferential bilateral agreements with the CEMA member-states (such an agreement was recently signed with Romania).

In the end the community came to negotiate with CEMA a frame-agreement between EEC and CEMA. This agreement will be concluded by the Council of Ministers as an indication of the political significance of this matter and will refer to the development of trade exchanges and to the principles which will govern those exchanges. According to the EEC view such an agreement will include:

1. The establishment of administrative cooperation especially on questions of industrial models, environment, economic forecasts and statistics.
2. The determination of the general principles governing economic and trade cooperation, while the executive regulations on questions of commercial transactions and cooperation will become the subject of more specialized agreements between EEC with each CEMA member-state on the basis of equality and reciprocity of advantages and obligations. Mainly they will contain the most favored nation clause and the abolition of all obstacles to trade transactions.

The basic intention of the community is: a) to establish "working relationships" between EEC and CEMA, b) to define the principle of which the mutual relations will be based and c) to exchange commercial and economic data.

In the context of the negotiations, certain basic CEMA theses are opposed by the community which does not want them to be included in the frame-agreement. These points include:

- a. Solution of trade problems and inclusion of the "most favored" clause (a clause which EEC wants to negotiate individually with each CEMA country). We should note on this that CEMA has no jurisdiction on questions of trade policy.
- b. The inclusion of industrial and scientific-technological cooperation.
- c. The individual participation as contracting parties of the EEC member-states.
- d. The creation of a joint committee with general jurisdiction to examine all aspects of mutual relations.
- e. The inclusion of a clause on the "normalization" of trade relations. With this clause CEMA wants to abolish "distinctions," i.e., the advantages the community affords the CEMA member-states agreeing to sign with it a trade agreement (as in the case of Romania).

Our country has no way of changing the negotiating positions of the community as they have been developing during 1976-1981 and therefore they accept them as "fait accompli." Possibilities for expressing the Greek view exist within the strict limitations of a future change in the community's negotiating position. In fact, the community plans to normalise its relations with CEMA and the member-states of State Trade even on the basis of the continuing development of transactions with the countries of eastern Europe.

PCI SECRETARIAT DOCUMENT ON FIAT CRISIS

Rome L'UNITA in Italian 19 Jun 81 p 6

[Text] The PCI Secretariat has examined the results of the work of the delegation of communist parliamentary groups, headed by Comrade Edoardo Perna, who recently went to Turin to discuss the various aspects of Fiat's situation in meetings with the chairman and deputy chairman of the Piedmont region, FLM [Federation of Metalworkers] representatives, several plant councils, Piedmont Industrial Union and Fiat leaders, crafts organizations and representatives of the intermediate cadres and industrial youth associations. Following this analysis, the PCI Secretariat approved the following document.

1. The seriousness of the automotive crisis has not diminished: signs of market saturation in capitalist countries, new increases in the prices of petroleum products and the growing aggressive penetration of Japanese producers have caused a continuation of the recession, a severe cutback in production in all Western countries and--to varying degrees, depending on the country--a reduction of employment levels. The European market is proving to be extremely delicate in such a situation: it is much more vulnerable to Japanese and American penetration, manufacturing companies are more numerous, specific national interests are more contradictory and EEC agencies have not established any sort of strategy at the community level.

The situation that has been developing thus confirms the analysis made and the validity of the proposals submitted by communists in both the PCI National Conference on Fiat in February 1980 and the National Assembly of Fiat Communists.

A comprehensive process of reorganizing and redefining the sector is needed to handle and resolve the automotive crisis: today, of course, but even more so in the future, those businesses and countries that move ahead with the development of research, technological innovation, energy conservation, improved models, greater product competitiveness and agreements and cooperation among automobile manufactures, at the European level first of all, will be in a position to overcome the present negative situation.

Fiat's problems do not appear solved in this case, as evidenced by the number Piedmont industrial workers receiving unemployment compensation (about 50,000),

many of whom were employed in industries related to automobile production. Market conditions continue to be depressed. The relative growth of Fiat's sales has been achieved within a generally declining market. But Fiat's inclination to step up the introduction of motor vehicles produced in its foreign plants into the Italian market is making the situation of controlling domestic production worse. Based on Fiat's estimates, the new-models strategy does not make it possible to expect the relaunching of their production before 1983 and competition will certainly be quite strong by that time. This involves maintaining unused production capacity, although it is not clear when such capacity can be fully employed. Finally, launching the industrial production of new models requires cash flows which Fiat is still not in a position to provide with self-financing.

Moreover, an increase in productivity achieved by reducing absenteeism and cutting back on employment would still not be enough to solve the problem of competitiveness. The most serious part still lies ahead and can be achieved only through changes in the organization of production and new investments.

The problems of relaunching production are therefore very complex and require full commitment of the group's financial and managerial resources. Thus the objectives of the reorganization in progress--although urgent and necessary--must be clear: relaunching and developing production to recover market sales and to guarantee employment. On the other hand, if the inclination for strictly financial operations or different choices should become more pronounced within Fiat's executive group (using a strategy that would give the appearance of resolving the crisis while aiming at adapting production levels to current market trends), it could only have negative repercussions for workers and the country.

3. Much broader strategic aid is therefore necessary, aid that would be aimed not at reducing but at expanding the Fiat group's operation. This is possible only if a policy of planning is implemented by the government: the automobile plan, the fund for technological innovation and other means of assistance--whose financing is guaranteed not only for the large company but for leading businesses as well--must become operative as soon as possible and be included in a policy for development, redefinition of production and job protection. Another integral part of the work of planning is arranging for means to manage and control the labor market (reform of hiring practices, regulations concerning mobility, professional training), which are essential for properly solving the employment problems deriving from Fiat's reorganization. It is likewise necessary to urge other European countries and EEC institutions to establish coordinated choices and joint policies as soon as possible to stem increasing Japanese penetration. An equally important and urgent task is adapting the means for foreign trade intervention to promote and maintain exports.

But active, planned government intervention is also decisive for obtaining plans from companies, and from Fiat first of all: more than ever, it is urgent for Fiat--similar to what Alfa-Romeo has done--to map out its own company plan with precise determination of its own resources and the means and objectives which the company intends to use to deal with the crisis.

4. Concurrent with the effort to resolve the automobile sector's crisis, an effort must also be launched in other divisions of the group's operation; in some cases,

Fiat's presence in the market may well be jeopardized. More generally, a process of formulating its characteristics and the course of the industrial policy in Piedmont and throughout the country must be reopened: the automotive industry, which will certainly continue to be an important sector in the future from both production and employment standpoints, will be able to expand, but only to a limited degree. Indeed, the massive processes of reorganization, which are needed to adapt the product to the market, will produce a labor surplus in the short term and thus, in the longer term, will have the effect that even a possible new expansion phase of production volumes may not involve appreciable increases in employment. A broad confrontation between political and social forces must therefore be set in motion to bring about a new policy of overall industrial development.

5. Against such a background, arrangements were made in late June for verifying the implementation status of the agreement initialed at Fiat last October. Fiat confronted trade union organizations, demanding new reorganizations and denouncing new personnel surpluses in addition to the 23,000 persons already receiving unemployment compensation, although affirming (not only to the trade unions but to the PCI parliamentary delegation as well) its intention to abide by the agreement.

The following must be stressed: every single point of the agreement must be implemented, guaranteeing the rehiring, for the periods stipulated, of at least some of the more than 20,000 workers receiving unemployment compensation, particularly those employed in southern plants; outside mobility must include those workers who were in excess of the October agreement, except for those who resigned or retired early during those months; in the case of other labor surpluses deriving from the new reorganizations (Lingotto, Mirafiori Foundries, etc.), ways and means must be provided for company-union negotiation for the purpose of rehiring such workers for certain periods. Implementation of the agreement is particularly important in the case of intercompany outside mobility, which must be guaranteed and negotiated from job to job.

Such proper implementation in the case of mobility requires, along with the commitment of all organizations of the worker movement, a real assumption of responsibility not only by Fiat but also by the Industrial Union of Turin and the respective employer associations.

The PCI considers the implementation of the October agreement to be essential and considers government intervention necessary for strict observance of the agreement and for correlating the financing granted to Fiat for the automobile plan and other legislative means with development objectives, the redefinition of production and job protection.

6. All of the aforementioned objectives must become the basis for the mobilization and efforts of Fiat workers as well as of workers in other businesses of the automotive sector. In-plant efforts have run into difficulties in recent months. The placement of 23,000 workers on unemployment compensation (including many political and trade union activists), the continuation of individual layoffs, an oppressive attitude of plant managements (together with some unacceptable measures by the courts), and the company's move to unilaterally revise working conditions negotiated in the past: all of this has weakened the trade union movement and the rapport between delegates, plant councils and workers. However, there have also been

significant disputes in plants and factories in recent months and the latest demonstration of workers receiving unemployment compensation has strengthened the determination of Fiat workers to fight for the company's development and job protection. From such positive experiences, we must move to bring back a mass effort, also based on a more democratic relationship between trade unions and all workers (laborers, clerks, technicians, professionals).

The proposal submitted, with the reopening of the company controversy and its issues of work reorganization, company productivity and wages, must become an opportunity for confrontation, discussion and dispute in every shop, department and plant, while also restoring a rapport with all clerks and laborers as well as with those workers, cadres and leaders who took part in the "silent march" in October and who are today aware of the dangers for everyone if company problems continue to worsen.

11915

CSO: 3104/305

BUDGET MINISTRY OFFICIAL WARNS OF CUTS IN SOCIAL PROGRAMS

Stockholm DAGENS NYHETER in Swedish 24 Jul 81 p 3

[Article by Anita Sjoblom: "Severe Savings Plan to Affect All"]

[Text] Family allowances, pensions, education, housing allowances, and aid to developing countries will be reduced if 12 billion kronor are to be saved in the federal budget of next year.

"It will be politically controversial, but it has to, if we are to make a saving of this size," says Bengt Westerberg, under-secretary of State at the budget department.

Last spring the departments were instructed by the government to show what would happen if they had to save six percent. After deliberation different proposals were given to the budget department, which studied them. Last Thursday several social democratic newspapers presented a number of savings proposals on which the government, according to the newspaper information, soon will have to take a position.

Not Ready

"The government has received a clear account of the savings measures that are being discussed, but the proposals are far from ready for the government to decide on," says under-secretary of State Bengt Westerberg.

"When we in the budget department had studied the proposals of the branch departments, we returned our proposals. After the vacation there will be new discussions between us and the branch departments."

Bengt Westerberg says that cuts in both family allowances and pensions have been discussed and may come up, but it is uncertain whether the politicians would accept this.

Reductions

Of the 12 billion that has to be saved, the budget department is discussing cutting one billion from the family allowances. One alternative could be to totally cut the allowance for the first child, another to divide it in half.

Among a number of other savings proposals which would affect the ministry for social affairs are smaller allowance advances to one parent families, quicker graduated decrease in the extra tax allowance for pensioners, reduction in the pensioners' housing allowance, a different way of calculating pension increases, the removal of widow pensions and the introduction of a waiting day when going on the sicklist, and lower compensation for the first sickdays.

The department of education may also have to save much through the closing of several institutes for advanced studies and through larger classes in the elementary schools. The aid to developing countries may be cut to such an extent that it will be less than one percent of the gross national product.

All Are Needed

Six hundred police positions may be eliminated. Road maintenance will be reduced, SJ [Swedish State Railroad System] will be forced to raise the ticket prices, districts will receive less federal money, and the time for relief work will be shortened.

"Many savings proposals are politically controversial, but that is what will happen, if we are to save as much as 12 billion," says Bengt Westerberg. "The reductions will affect everyone."

"If we make no reductions, something else will happen. Maybe the taxes would go up, which I do not think possible, or there would be an increase in the value-added tax, which would affect the prices. What would remain is high interest rates and inflation. We must choose between conscious and random reductions."

9843

CSO: 3109/227

BOHMAN SAYS BUDGET CUT PROPOSALS ARE INADEQUATE

Stockholm DAGENS NYHETER in Swedish 24 Jul 81 p 3

[Article by Kaa Eneberg: "Twelve Billion Only the Beginning"]

[Text] Twelve billion kronor is an absolute minimum, and much, much more saving is needed to balance Sweden's economy. This is what Gosta Bohman, leader of the Conservative Party, said last Thursday in Visby about the government's projected savings packet with total cuts of 12 billion kronor.

Gosta Bohman, alert and tanned, last Thursday introduced the traditional round of political speeches at Visby's summer stage, Almdalen. There, in the following week, all the party leaders will pass review, with Olaf Palme as the last speaker next Friday.

Gosta Bohman should actually have been the last speaker, but he suddenly changed his mind and entered this political relay as the first runner. Subsequent speakers usually comment on the preceding one. This way Gosta Bohman has picked the theme for this year's round: The country's difficult economical situation.

Gosta Bohman held, as usual, a press conference in the middle of the day and found to his obvious disappointment that the questions from the gathered journalists soon gave out. It was different when Gosta Bohman last year held a press conference in his capacity as minister of finance.

But the speech from the beautiful summer stage, in front of an audience of thousands of Gotlanders, vacationers and a large press, still sounded like that of a finance minister's. The hour-long speech was a substantial rejection of the social democratic fiscal policy "which wanted the best, but was the worst," and which Bohman thinks is to blame for today's situation, but also of the present government for its passive fiscal policy and, of course, for the mid-parties' tax agreement with the Social Democrats last spring. It was this that led to Bohman's leaving the three-party government.

Sweden's economic future was painted in dark colors.

With less spendable income in the pay envelope, work effort, production and productivity decrease. Growth is not forthcoming and inflation increases. Security and employment are without meaning. This is where we are now.

"But all clear-sighted people know this," continued Gosta Bohman. "But not all clear-sighted people want to speak clearly. Or dare not. They fear the voters' judgment and thus betray their responsibility as politicians in a democracy."

Speaking Clearly

"Some who dare speak about conditions in Sweden and about what is needed are agencies for international cooperation, such as the International Monetary Fund (IMF) and OECD, the Organization for Economic Cooperation and Development," said Gosta Bohman. He noted that OECD's prescription for Sweden to a great extent agreed with his own as minister of finance, chiefly a reduction in the expenses of the public sector.

"But OECD wants to go further when it comes to the reduction in public spending."

Gosta Bohman described the Conservative Party as the only party with a policy for the fiscal crisis for which it dares take responsibility.

"Great restraint in both public and private consumption. We must actively and positively stimulate the economic supply side; it must pay to work, save and invest. It was from this perspective that we realized that a margin tax must become effective already in 1982 as a necessary element in the government's policy. It is from this perspective that we view the savings within the public sector as necessary."

Against Funds

"But just as it is necessary to stimulate society and the individual person's economy, it is important to refrain from measures which might seriously ruin the possibilities of getting the industry going," said Gosta Bohman.

"The introduction of employee funds must therefore definitely be stopped."

He was poking fun at Sven Andersson, secretary to the Social Democratic Party, who, in front of a shouting audience, has stated that we shall have employee funds.

"No, we shall not at all have any employee funds," declared Gosta Bohman forcefully.

"And I know when I categorically state this, that I speak for an overwhelming majority of the Swedish people. They do not want that kind of trade power concentration, they do not want to break apart our social system."

"They do not want the economic growth, the free economy and our open society offered on the altar of the social democratic congresses. These inalienable factors of our society are the whole nation's concern, not the representatives' and the congress delegates," he stated.

At the press conference he also rejected the Liberal Party proposal of forced private saving which was recently presented. He mentioned voluntary saving through mutual funds, which he himself introduced during his time as minister of finance, as a good way of saving.

Gosta Bohman, 70, also said that, before the Conservative Party congress in October this year, he will decide whether he will run for reelection or let a younger man take over the party.

Next Friday it is Prime Minister Thorbjorn Falldin's turn to board the stage at Almdalen. This will be the first time he will speak in Visby.

9843

CSO: 3109/227

EMPLOYERS' FEDERATION CHIEF WARNS OF HIGHER UNEMPLOYMENT

Stockholm SVENSKA DAGBLADET in Swedish 10 Aug 81 p 19

[Report on interview with Curt Nicolin, chairman of the Swedish Employers' Confederation, by the Press Wire Service, Inc.; date and place not specified]

[Text] "We are calling for a stop to the overtaxation of business, which is harmful to the entire country."

So said Dr Curt Nicolin, chairman of the Swedish Employers' Confederation (SAF), in an interview with the TT [Press Wire Service, Inc.].

The SAF is addressing its demand to the government and calling for a cut of at least 10 percent in employer contributions for social benefits.

The SAF is afraid there will be business shutdowns and massive unemployment this winter if the government's plan to reduce the budget by 12 billion kronor is not combined with measures to stimulate business.

The SAF wants a complete end to employer contributions for the national basic pension plan (8.3 percent) and the child care contribution (2.2 percent), both calculated on the firm's total payroll.

Nicolin says: "Those contributions are taxes pure and simple and have no connection with the employment situation."

Little for Industry

He continued: "The government--both the current one and the one that took office after the 1979 election--has done extraordinarily little to increase the profitability of industry. This has resulted in large balance of payments deficits and is now leading quickly to rising unemployment.

"It is a commendable and proper policy when the government draws up an austerity program that will save 12 billion kronor. But if that step is not followed by others, we must expect a strong increase in unemployment. This means that a not inconsiderable portion of the effect of those savings will be lost because the government will have to spend more to take care of the unemployed. So the austerity program must be combined with measures for business expansion.

"There are several forecasts indicating that unemployment will affect upwards of 200,000 people this winter instead of the 100,000 we have had before. It seems probable that those forecasts will turn out to be accurate.

"During previous dips in the economic situation, lower employment in industry could be offset to a considerable extent through increased employment in the public sector. As a result of the austerity measures now beginning to take effect or being planned, the public sector will not be able to hire more people, as it did before.

Policy Revision

"If we do not get a vigorous change in the policy toward business, I believe that real wages will continue to decline with every bargaining agreement for a long time to come. We will have a situation of conflicts in the labor market and growing dissatisfaction among the people. That can only be prevented if we stimulate business activity."

Employer contributions as set by law or bargaining agreement currently amount to just under 40 percent in the case of wage earners and just under 45 percent for salaried employees. They rose sharply throughout the 1970's.

Nicolin says: "The theory in the government and in Parliament was that the increased costs would be passed on to the wage earners and that industry's profitability would remain intact. We know now that that was a totally erroneous calculation.

Reduce Consumption

"Since consumption is too high, it must be reduced, and that applies to both the public and the private sector. The national basic pension contribution used to be paid through the public treasury, and farther back than that, everyone took care of his own contribution. For business activity to pick up, we need to be plundering consumption rather than production.

"We have lost between 15 and 20 percent of all man-hours in Swedish industry since the first oil crisis in 1973. That represents the work of more than 100,000 men. Swedish exports have lost about one-fourth of their market share abroad. It is by selling abroad that we get the foreign exchange we need to pay for our imports. The petroleum price increases have produced a greater need for foreign exchange than ever before.

"If profitability in industry is increased by 1 percent of total capital, employment in industry will increase by 1.5 percent annually. In other words, a profitable industry increases its employment, and an unprofitable industry reduces its employment. Today our profitability is totally unsatisfactory. And as far as I can see, it is again on the way down."

Employer Contributions

The head of the SAF feels that we have experienced a contraction of the industrial sector to the detriment of all of Swedish society. He does not believe that devaluation of Sweden's currency is a good way to regain competitiveness--the royal road leads through lower employer contributions.

"If our business life prospers, the government's revenues automatically rise and expenditures for taking care of the unemployed go down. That in itself is a great gain. But we are getting a late start. Unemployment presumably will rise even if the measures we want are put into effect immediately. But we can reduce the negative effects and speed the recovery.

Investments

"Unemployment is a big misfortune for both the individual and society. Employees have an interest in employment and growth so that they can retain their real wages and gradually increase them. That is not possible if business does not increase its investments. But we will not have increased investments as long as business profitability is as poor as it is today."

Nicolin said no when asked if he thought the government had done enough to halt inflation.

"If business costs were reduced, inflation would also be reduced." The head of the SAF says that if steps are not taken, there is a big chance that the price ceiling included in this year's wage agreement will be exceeded. If that happens, the wage earners will be faced with new price increases as a result.

11798

CSO: 3109/233

LABOR ORGANIZATION: MODERATE WAGE DEMANDS IF JOBS KEPT

Stockholm DAGENS NYHETER in Swedish 16 Aug 81 p 44

[Article by Bo A. Ericsson]

[Text] Gunnar Nilsson, head of the LO [Swedish Federation of Trade Unions], offered the business community a "deal" on Saturday for establishing a new Swedish model in the labor market.

At the same time, he issued a strong warning to both the government and the employers: don't try to push through a wage freeze, wage cuts, or a cutback in social programs. If they do, there will be confrontation.

Gunnar Nilsson offered his deal during a speech to the Swedish State Employees Union Congress in Stockholm.

Among the things the union movement is willing to support in order to establish a new Swedish model in the current emergency situation are the following, according to the LO chief:

1. Moderate wage demands in the next wage negotiations.
2. Cooperation in increasing business profits.
3. Cooperation in bringing about further rationalization and computerization in the workplaces.
4. Restraint for as long as possible in demanding trade barriers as a means of protecting employment.
5. Part of the scope for wages will be relinquished to provide the firms with risk capital.

Guarantees Demanded

Gunnar Nilsson said: "That is not a bad offer from a union organization."

The LO chief's outline is described as perhaps the first quite detailed digest of how the LO wants to see a restoration and renewal of "the Swedish model."

But Gunnar Nilsson also emphasized that the offer is not being made without guarantees that something will be obtained in return.

And that includes, among other things, employee funds. Employees must be given more influence over the firms and their investments through profit sharing systems and so on.

But at the same time, Gunnar Nilsson emphasized that the union movement remains prepared to discuss the technical structure of those funds.

The LO chief said that another condition to be agreed to by the firms in this deal is that they will not raise their prices if wage demands are kept down. Instead, they must increase their share of the market and thus increase production and create more jobs.

Rationalization

Concerning the offer to go along with further technical rationalization, Nilsson said that this means "saying no, for example, to computers."

But at the same time, the LO will not accept a deterioration of jobs or any development that puts people out of work. The profits from rationalization must be reinvested in industries that can provide new jobs.

In general, we must now work together to find a new Swedish model, said Gunnar Nilsson. What the union movement is offering is a whole lot of things needed by the business community and the national economy. But one cannot demand on top of that that the union movement quietly accept a cutback in social programs and a scrapping of the redistribution policy.

Warning

Here Gunnar Nilsson issued a warning:

During the 1981 wage bargaining, the employers showed a willingness to bargain that was totally different than it was during the conflict situation in 1980. But now disturbing trends are being noted. Managers and economists are making demands that include wage freezes, wage cutbacks, and a number of worsened social benefits.

Gunnar Nilsson warned: "If that really turns out to be the rightwing's policy, there will be confrontation. A solid change in attitude by the Swedish Employers' Confederation and the nonsocialist parties is needed."

Broad Wage Movement

In his speech, Gunnar Nilsson called for a widely coordinated wage movement throughout the labor market based on a job evaluation system. That is the only solution that will prevent the wage gaps between salaried employees in the private sector from widening, he said.

Speaking directly to the participants in the State Employees Union Congress, Nilsson said that restraint is certainly required in the public sector, but that it is

totally wrong to resort to cutbacks at a time when industry is on the low burner. The public sector is one of industry's big customers.

Nilsson also devoted part of his speech to sharp criticism of Liberal Party leader Ola Ullsten.

"When Ullsten in Almedalen condemned the Swedish people's movements as 'machines for making demands,' that was one of the strangest contributions to the debate in a long time," said the LO chief. "Ullsten must think again. The people's movements are no threat to democracy but its strongest guarantee."

11798

CSO: 3109/233

OECD EMPLOYMENT RECOMMENDATIONS SHOULD NOT BE ADOPTED

Stockholm DAGENS NYHETER in Swedish 18 Aug 81 p 2

[Editorial by Svante Nycander]

[Text] Most of what is contained in the OECD's report on Sweden's economy is in line with the Swedish Government's own assessment. Our irresponsible domestic debate on the belt-tightening policy is not reflected at all in the report. The tightening up is regarded as obviously necessary, and some positive results are noted: while 1981's exports are expected to decline by 1.2 percent, imports will drop by a full 4.6 percent. In other words, the trade balance is improving, although not at all enough.

Sweden's aberrant economic profile stands out clearly in the report. We have the highest public employment and highest public expenditure in relation to the GNP (65 percent) of all OECD countries. Our marginal taxes are the highest in the OECD. Our production has developed less favorably than even Great Britain's. But when it comes to employment, we head the list.

In one respect, we are not as unique as we may believe. Our balance of current payments is not exceptionally bad in comparison with other small OECD countries which are strongly dependent on imported energy. That does not make the problem less serious, but it is significant in a discussion of how the deficit on current account came about. We ought to be cautious about laying the blame entirely on our aberrant economic profile. Despite our large public sector, our conscientiousness about high employment, and so on, our foreign business was very nearly in balance in 1978-1979, immediately before the Liberal Party government's overly expansive policy and until the second oil price shock knocked us over again.

The most controversial section in the report concerns unemployment, the sluggishness of the labor market, and the wage policy. The OECD economists say in writing what many Swedish politicians and economists think but often do not want to say. They feel that the solidary and equalizing wage policy is one main reason for our difficulties and recommend that it be abandoned. That is how they want to increase mobility in the labor market and make it easier to overcome wage drift.

The connection between employment and wages is heavily stressed in the report. It is said that the government cannot simultaneously guarantee full employment and refrain from involving itself in the wage policy. The OECD economists say that both of those Swedish principles are ripe for abandonment: they feel that we must accept higher

unemployment and propose some sort of incomes policy. In their opinion, unemployment would help to hold down wage costs.

In view of the situation Sweden is in today, we must be willing to radically reconsider our economic policy. But if we were to accept the arguments in the OECD report, we would run into a number of new difficulties, partly as a consequence of increased political and ideological antagonisms. If we renounce full employment, the number of unemployed will probably not stop at 3 percent, as is now beginning to appear unavoidable, but instead may reach 5 or 7 percent, based on the pattern in a number of other OECD countries.

What is correct in the report is its emphasis on the absolute connection that exists between the wage policy on the one hand and the economic policy in general. As soon as a round of wage bargaining is completed, we tend to forget that connection. The government in Sweden is not in control of the component of the economic policy that most affects employment, production, and inflation. That defect is not remedied with haphazard proposals for an "incomes policy." No government has it in its power to force through a specific wage policy. The country's economy can get back into equilibrium only if the government and the labor market organizations voluntarily create, to their mutual benefit, some kind of harmony among the various components of the economic policy.

From that standpoint, it would be destructive if the government were to adopt the ideas put forward by the OECD's economists concerning employment and the solidary wage policy. One cannot cooperate with the union movement on a policy that uses unemployment as an instrument for putting pressure on the wage earners in wage negotiations or demand that the LO [Swedish Federation of Trade Unions] give up the solidary wage policy. One might just as well ask the unions to discontinue all activity.

But in the name of mutual dependence, major demands must be made of the union movement. The OECD economists are right when they point to a number of bottlenecks and hindrances to mobility on the labor market that must be removed if full employment is to be protected. It ought to be easy to put a lot of things right as one step in joint work toward that goal. On the other hand, if unemployment is regarded as a means in the economic policy, even obvious reforms will be deadlocked.

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CSO: 3109/233

BRIEFS

BANKRUPTCIES UP 40 PERCENT--The number of bankruptcies increased during the first half of this year with slightly more than 40 percent. A total of 1877 businesses went bankrupt, compared to 1326 during the first half of last year. The increase was particularly strong within the construction industry. This is reported by the business information board, which supports it with statistics from the central credit bureau in Goteborg. The chairman of the sociopolitical department of the industrial union, Ingvar Petzall, says that the bankruptcy statistics are a serious sign of Sweden's economy being unhealthy. "During normal conditions, with an expanding economy, bankruptcies often mean in a way, a healthy self-clearing of the business flora. But that is not the case now. The development is a warning sign." He says that it is particularly the high interest situation that breaks many businesses during a depression. Bankruptcies in industry increased during the first half of this year from 439 to 675, an increase of 544 percent. The building industry is responsible for close to half the increase, or totally 105 bankruptcies. It is particularly firms involved in the construction of small houses that have gone bankrupt. /Text/ /Stockholm SVENSKA DAGBLADET in Swedish 11 Jul 81 p 19/ 9843

CSO: 3109/227

MUNICIPAL REORGANIZATION CREATES REVENUE DILEMMA

Ankara ARAYIS in Turkish 25 Jul 81 pp 17-18

[Text] Last winter, small municipalities surrounding large cities, principally Istanbul, Ankara and Izmir, were attached to their big-city neighbors.

As the result of procedures carried out in accordance with National Security Council Resolution No 32, published 11 December 1980 in the RESMI GAZETE, many small municipalities and some villages between the large cities and these municipalities or near them were stripped of their incorporation rights and powers of independent administration.

These administrative changes were made for the purpose of resolving problems of adequate conduct and oversight of such important public services as lighting, water, drainage and transportation and communications in the residential districts surrounding the large cities and one cannot deny that a general review of them would be beneficial.

An evaluation of this sort could not have been made during the winter when the procedures had just begun, but it can be made now. It would have been difficult to get true measurements of the service requirements during the winter when these administrative changes were made because that is when the number of residents is at the lowest level. It would have been equally impossible to make any comparisons since investments and initiation of the new services could not begin until spring.

Now as we approach the end of July, the population of these areas, which are used for the most part as summer residences by those who live in the big cities, is 5 to 10 times higher than in the winter. As the time has passed when the new services to these areas should have begun, it may be agreed that the obstacles to expressing opinions on these administrative changes are now out of the way.

'A Drop in the Bucket'

The towns and villages near the big cities have income and service-producing resources of their own. For example, most places like this have a quarry, a spring water operation or something similar which is an important source of income for the local municipalities and village administrations. When these villages and municipalities are attached to large city municipalities, the income obtained from those sources are not even "a drop in the bucket" to the budgets of the large city municipalities. And that town or village's share of it becomes useless.

In exchange for the transfer to the large urban municipality of the small villages' and towns' local income resources, the problem could be lightened by allocating a just share of the large urban municipality budget to these places. But this is not done.

While fringe wards and precincts in large urban municipalities have been complaining for years that the large portion of municipal resources goes to the urban centers and they are treated as step-children, now after implementation of Resolution No 34, cause has been given for the emergence of "remote fringes," creating, in addition to the step-children, wards and precincts which may be described as "foster children."

In these low-population areas, integration of the governed and the governors occurs easily, providing voluntary input by the people in many public services at much lower cost than the official cost, while after the new implementation, the classic rules of bureaucracy have begun to operate, replacing integration with alienation.

The effect of these conditions is that no improvement is seen in the lighting, water, drainage and communications services in these places and in some places, they are worse. The people are becoming more pessimistic every day, believing that they will never get a just share of the resources which will be provided by the Municipal Revenues Law which recently went into effect.

Moreover, all of these villages and a large portion of the sparsely populated tracts once had the right to use official vehicles and resources, but are now deprived of it.

The sector of public administration closest to the people is the local administration.

The fact that every locale, every town, even most villages have their own unique service policy is a consequence of the socioeconomic imperative. This imperative has brought about in modern government modification of the "centralized government" system and expansion of "local government." The administrative changes made by Resolution No 34, however, go against this general trend.

In any case, although one cannot deny the benefits of expanding the powers and duties of municipalities in the direction of expected or desired urban development, it is necessary in doing this not to violate the rules of "local government" or to make residents within the expansion area wish for what they had before.

The impression obtained from 7 months of implementation is that these implementations have taken many things from the surrounding municipalities and villages and have given them nothing.

For this reason, we believe that Resolution No 34, which was adopted with good will, should be reviewed with the same good will.

It is understood from reports in the press that new arrangements will soon be made for local administrations. There is a question, in particular, of combining low-population villages.

If during these efforts local administrations were to be reviewed in all their dimensions, not being limited to such a narrow goal as combining small villages,

and if the above proposals in this regard were taken into account, the services which need to be carried out would get carried out.

Although combining small villages or attaching small municipalities to large urban municipalities seems, at first glance, to be a practical method of solution, administrative changes based purely on population cannot bring any radical solution to the problems of small villages and small municipalities. In our opinion, in order for initiative of this sort to achieve their goal, it is necessary, after thorough research of socioeconomic data, to find the inhabited areas which are close to one another, where travel between them is easy and which have the potential for economic administrative cooperation and to pursue the method of establishing between them administrative centers in which the public services and infrastructure and organizations needed for development and production would be concentrated-- in other words, Village Centers.

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CSO: 4654/114

REFORMS RUN RISK OF DESTROYING SEE'S

Ankara ARAYIS in Turkish 25 Jul 81 p 19

[Text] Briefly, radical surgery is being attempted on the State Economic Enterprises, which we call the SEE's. The diagnosis is this: The SEE's are not operating productively; they are a heavy burden on the economy and go against the philosophy of the 24 January decisions based on free market economy rules. An operation is envisaged which will break up the SEE's and gradually destroy them.

First, it is necessary to make a vital correction in this old, erroneous diagnosis which originated in the IMF. The NSC [National Security Council] Budget and Planning Committee report cites the following information: With 47.9 billion liras in 1975, the SEE's represented 9 percent of the total domestic income of 519.1 billion liras; in 1979 with 232.8 billion liras, they had risen to 11 percent of the total 2.1 trillion liras. As seen, the SEE's have steadily increased their contribution to the economy.

Moreover, every person employed in the SEE's contributes more to domestic income than in the private sector. In the wage/production relationship, however, the SEE's lag behind the private sector. A factor in this is that more than 90,000 people are employed by the SEE's.

After citing these data, the NSC Committee report says the following:

"It is necessary to consider the public benefit of a large portion of the SEE's. Public benefit and productivity/profitability are concepts and principles which cannot always be reconciled. For this reason, it is usually misleading to put the private sector, where personal benefit comes first, into the same pot with the SEE's, where public benefit comes first, or to evaluate them by the same criteria. Nevertheless, it is true that there are irregularities in the operation of the SEE's. Some of these irregularities stem from the structure of the SEE's in itself. A large part of the irregularities associated with the SEE's, however, comes from outside these organizations and the solution of these problems goes beyond the dimensions of the SEE's.

In the evaluations of the SEE's, they are being blamed for the irregularities stemming from their own structures as well as for the problems originating outside their structures. The fact remains also that the SEE's have from time to time been left to their own fate, with those who were supposed to be defending them doing them most harm.

Some evaluations take on importance, not because of their content, but because of who made them or the nature of the place where they are made. An example of this sort of evaluation:

"The most important problem area in mid-1981 is the status of the state economic enterprises. Urgent price measures have been taken in connection with the SEE's, the scope of basic goods and services has been narrowed and the need to avoid raising the already excessive employment volume has been recognized. Nevertheless, the need for reorganization to increase operational productivity remains."

One might think that these comments were an IMF indictment of the SEE's. Or perhaps a proposal developed by private sector spokesmen. However, they are neither....

That assessment appeared in the "1981 Turkish Economy" briefing presented to the NSC last week. It bears underscoring that Deputy Prime Minister Turgut Ozal presented the briefing immediately after he packed up and went to the United States where he discussed the SEE problem with IMF authorities. The IMF's postponement until September of \$115 million credit which was supposed to be given around now because "measures should be taken to get the SEE's operating productively," and Deputy Prime Minister Turgut Ozal's proclaiming the SEE's as "the most important problem area" cannot be a coincidence. Moreover, equating the IMF's credits to destruction of the SEE's and letting the commercial banks discount these credits by \$15 million to \$20 million into the bargain is a point which should not be ignored from the standpoint of the game Turgut Ozal is playing.

So it seems that the final decision will rest with the NSC. We have, on the one hand, Turgut Ozal's plans to destroy the SEE's, which give the impression of a "put-up job" with the IMF, and on the other, the facts stressed by the committee which was specially commissioned to study the problem.

We would hope these facts would be heeded: "The well-known troubles of the SEE's in Turkey stem more from irregularities in implementation than from the model and from erroneous attitudes, most of which are outside the model. There is a series of measures which could be applied to make the SEE's successful, such as reducing costs, which rise with rising prices, eliminating outside interference and allowing administrators sufficient time to work. However, efforts in connection with these measures are not being taken with sufficient seriousness, but are being relegated to obscurity." Yet a definite decision on the SEE's should not be made without trying these measures. There is a chance that the SEE's could succeed with their present structures if these measures were taken.

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CSD: 4654/114

RESISTANCE LODGED TO PRIVATE SECTOR COAL TAKEOVER

Istanbul DUNYA in Turkish 7 Jul 81 p 1

[Text] Ankara (ANKARA AGENCY)--It has been requested that the bill to amend Law No 2172 on state operations of the mines be changed to include an article to the effect that large coal mines, to be listed by name should continue to be operated by the state, and opposition has been raised to the turnover of large coal deposits to the private sector.

According to information obtained from the authorities, the view that large coal deposits should remain under state management was agreeable to the National Security Council [NSC] Specialized Committees also, and their opinion was forwarded to the Council of Ministers.

It was also decided that the section of the bill, which has undergone many changes since it was drafted, dealing with the turnover to the private sector of iron and borax mines should be withdrawn and replaced with provisions for these mines to continue under state management. While the bill is on the Council of Ministers' agenda and will be discussed again this week, Energy and Natural Resources Minister Serbulent Bingol, who introduced the bill, contends that returning the mines which had been taken from the private sector to their former owners will make "profitable operation" of these mines possible.

However, the NSC Specialized Committees and certain members of the Council of Ministers, raising objections to the return of all the former private-sector mines to their former owners, note that haphazard excavation by the private sector, especially at the large mines, had left the large ore deposits in ruins and that, under state management, ore is being extracted in a much more prudent and orderly fashion.

First Draft

The bill submitted to the Council of Ministers by Energy and Natural Resources Minister Serbulent Bingol on amendment of Law No 2172 on state operation of mines consisted of a total of 13 articles.

The first article called for restricting the areas under state management and returning the rest to the former owners. This article would also have superseded four edicts appended to Law No 2172 specifying the areas to be under state management.

Summary of Other 12 Articles

Article 2: Expenses incurred by the state agencies in areas to be returned to their former owners will be paid by the owners in two equal yearly installments.

Article 2: Mining areas outside the scope of article 1, that is, not to be under state management, will be returned to the former owners with priority if desired.

Article 3: Expenses incurred by the state agencies in areas to be returned to their former owners will be paid by the owners in two equal yearly installments.

Article 4: Monies held in escrow at designated banks for the areas to be returned to the former owners will be returned to the state agencies concerned.

Article 5: Both parties are responsible for the period of their operation for severance pay of workers employed at these areas.

Article 6: Owners may make no claims for losses and damages if the mines are returned to their former owners.

Articles 7, 8, 9 and 10 specify such procedures as licensing and registration, which are also set forth in Law No 6309 on mine operations, and the last three articles have to do with promulgation of the law.

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CSO: 4654/83

MARITIME OIL TRANSPORT SEEN AS SOURCE OF EXCHANGE

Istanbul HURRIYET in Turkish 7 Jul 81 pp 1, 15

[Article by Selma Tukel]

[Text] Ankara (HURRIYET)--Priority is to be given to Turkish ships in oil transport from abroad. Liquid fuel to be brought from abroad and through the Pipe Lines and Petroleum Transport Corporation lines is to be carried by Turkish ships. Unless very difficult situations arise, no foreign ships will be used. In this way, Turkey will gain the \$60 million to \$80 million per year it has been paying to foreign ships for this oil transport.

Ataturk said, "Turkey's geographical position, which is wealth in itself, should be used to the greatest benefit," and this saying was the basis of this decision. Capacities of Turkish ships were reviewed with positive results in a study made in the National Security Council.

A comprehensive meeting will be held on this topic in Ankara on Thursday, 9 July, at the suggestion of the Naval Forces Command. Attending the meeting will be representatives and all authorities of the ministries concerned and organizations involved in transport. Topics to be discussed will be major outlines and basics of maritime transport and how it can be further developed.

Benefits

One authority who talked to HURRIYET about the benefits to be gained from having oil transport from abroad handled by Turkish ships said, "It will be a lot better, especially in storage and refining. Fuel will be shipped according to pre-set schedules, with amounts and timing worked out." Incoming tankers will find empty tanks and not have to wait for a tank, he said. Scheduling will be done in accordance with the shipping capacity at Turkey's disposal and Turkish contracts will be fulfilled accordingly. As waiting will be prevented, excessive waiting fees will not have to be paid.

The authority gave the following information in this regard: "The refineries will not have to wait for goods and will be able to work at almost full capacity. In this way, Turkish ships will increase job opportunities, preventing unemployment in this regard as well as increasing Treasury revenues from income and withholding taxes."

Tanker Strength

With average imports of 12 million tons of crude oil per year, Turkey transported 67 percent of this in the past year in Turkish ships and 33 percent in foreign ships.

There is a tanker force of 396,077 tons in addition to the 10,000-ton shipping capacity available in the public sector. The major ones are the Gaziantep, 144,000 tons; Raufbey, 86,000 tons; Gemlik, 64,000 tons; Mehmet Ali Ulgen and Amiral Fahri Engin, 30,000 tons each; Kaptan Asim Alniak, 22,000 tons; and Garzan, 20,000 tons. The public sector accounts for 44.7 percent of the shipping fleet. Shipping capacity in the private sector is 490,000 tons, accounting for 55.3 percent of shipping.

Meanwhile, oil demand has declined as some nations have reduced their oil purchasing by economizing on oil and energy usage.

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CSO: 4654/83

BRIEFS

INCREASED TRADE WITH USSR--Izmir--It was announced that Turkish-Soviet trade reached \$682 million in 1980. In a press conference organized by Aleksandr Kumazenko, the Soviet Union's trade representative who participated in the 50th International Ataturk Fair, he said that this figure represented approximately 6.5 percent of Turkey's total foreign trade. Kumazenko indicated that the largest increase in Soviet exports to Turkey occurred in the machinery and equipment group. He said that "the exchange of goods between the Soviet Union and Turkey reached its highest level in 1979-80. In 1979, trade increased by 2.4 times over 1978 and in 1980, it increased by 17 percent over the previous year." [Text] [Istanbul GUNAYDIN in Turkish 19 Aug 81 p 7]

TRADE BALANCE FIGURES--In the first half of 1981, Turkey realized \$1.957 billion in exports as opposed to \$4.435 billion in imports. A significant increase in exports has been achieved from the beginning of the year up to the present, reaching an increase of around 50 percent by comparison with the previous year. At the same time, imports have also risen by 47.8 percent. Consequently, our foreign trade deficit has continued. The foreign trade deficit, one of the chief "culprits" in the decline in the value of the Turkish Lira and the appearance of inflation, rose by 45 percent to \$2.478 during the January-June period of this year by comparison with the same period last year. [Text] [Istanbul GUNAYDIN in Turkish 19 Aug 81 p 5]

COPPER PRODUCTION UNSOLD--Ankara, (THA)--The Black Sea Copper Works [KBI] has indicated that it is experiencing financial troubles because the copper which it produced has remained unsold. Director General Ahmet Can Bilgin says that the KBI has accumulated copper stocks worth 1.2 billion lira and points out as the reason for this unrestricted imports of copper and brass. Bilgin indicated that production realized during the first 7 months of 1981 was equal to total production for the previous year. "However, sales have fallen. We are experiencing financial problems. The copper which we produce is remaining in stock on our hands." [Text] [Istanbul MILLIYET in Turkish 31 Jul 81 p 9]

CSO: 4654/148

WALLOON RALLY LEADER VIEWS FUTURE OF WALLONIA

Brussels LE SOIR in French 13 Aug 81 pp 1, 2

[Commentary by Henri Mordant, president of the Walloon Rally Party]

[Text] The weather is beautiful where I have been staying for the last few days. Blue sea and rose-laurel.

Red and white license plates dot a color-filled picture postcard landscape. They tell me Belgium is not far. From time to time I get news of it from the press.

As usual, it is depressing.

It does not contain anything that surprises me.

The government of an insolvent country is tearing itself to pieces over the contradictions of a hopeless budget.

The permanent tension and the storms which hit the government at every turn make every day crackle with dramatic but forgettable surprises.

The flashes of lightning only illumine the backdrop of the electoral scene, while on the front of the stage the dance of broken alliances and discord continues. Our serious political business is played out in this bacchanalia which is turning the twilight of the Belgian regime into a grotesque fantasia.

It really is the end of a regime. A state that is permanently incapable of performing the functions which justify its existence cannot endure.

The ineffectiveness of the Belgian state has long been apparent. Its insolvency is having ever more disastrous social effects.

The crisis is ravaging us more than anywhere else in Europe. The floundering of the economy, the bankruptcy of public finance, are bewildering our neighbors.

In the face of this crisis, no European country has presented such a spectacle of hirsute decadence and functional sterility. In terms of incapacity, it has passed the point of no return.

What purpose does it still serve? Certainly not those of Wallonia, which moreover within the framework of institutions suffers the discrimination and prejudices which are inherently the ordinary lot of minority peoples.

However, nothing requires Wallonia to remain a prisoner in this situation. Sometimes one pretends not to see the evidence. The Walloon people are in the minority in Belgium. In Wallonia, they are in the majority and in their own house. Why are they not masters of their own house?

Belgium's collapse makes it more urgent than ever for the Walloon people to ask themselves the nationhood question. Must they continue to be dependent on an impotent state which keeps them permanently in minority status and as such mistreats them? Or, on the other hand, should they free themselves to live as adults in a Walloon state?

To my mind, there can be no doubt about the answer. To tell the truth, there is no doubt at all in the minds of most Walloons, whatever their ideological leanings, if only they look at the facts.

Most socialists, liberals and even Christian socialists know as well as I do that Flemish predominance in Belgium is helping drive Wallonia into decline.

They know that Flemish nationalism is active and successful at all levels of economic and financial decisionmaking, that it fights for every inch, that it seizes on the least detail, that in the means it employs it does not shrink from either pettiness or injustice.

They know that this harassment, if it is not the sole cause of our ills, is at the very least a ruinous handicap and now an intolerable one.

They know that national solidarity is now nothing but a deception.

They know that the regionalization for which they voted last year is nothing but a snare: Wallonia has not gained any real leverage, for everything that counts has been kept at the national level, that is, under Flemish authority.¹

Most politicians and leaders of Walloon know all that as well as I do. They know that Wallonia has nothing to hope from Flemish benevolence, quite the contrary!

They know that Wallonia's recovery is going to depend on Wallonia itself, its own resources (they are real, though neglected), and its own efforts.

They know that its energies cannot be mobilized from the outside, nor can they find expression through a hostile state apparatus which is rapidly disintegrating.

They know that time is pressing.

They know, consequently, that the only choice left is between a Walloon state and Walloon annihilation. Alfred Sauvy proclaimed this as early as 1962: "Deprived of independence and of youth, Wallonia is condemned to wither away."²

And Brussels?

It would seem that the French-speaking parties have up to now made few attempts to study what kinds of links could be instituted between Wallonia and Brussels in a spirit of reciprocal autonomy and common membership in the French community.

The Walloon Rally [RW] and the FDF [Democratic Front of Brussels French Speakers] have gone deeper into the subject in an effort to ascertain the principles which seem to them to be the best.

They have formulated their proposal in the following way:

"The affinities that are common to Wallonia and Brussels, as well as the usefulness of joining their forces to work for their emancipation and development make cooperative collaboration between Wallonia and Brussels desirable.

"From this standpoint, if a partnership agreement were concluded between the two regions, it should enshrine the principle of their fundamental autonomy, their right to govern all their own affairs and to establish a list of matters they might judge to be appropriate for delegation to a communal authority."³

It goes without saying that Brusselities, like Walloons, will have to decide democratically--each for themselves--on the autonomous status they prefer.

They will also have to decide freely--each side for itself--what kind of relations they want to establish between Wallonia and Brussels.

For my part, I think that without close, territorial union with Wallonia (in the context of double autonomy), Brussels has no chance of existing either as a full-fledged region or as a free European city.

It will succumb to Flemish colonization.

FOOTNOTES

1. The consequence: Belgium has no difficulty subsidizing the coalmines of Campine to the tune of 65 billion [Belgian francs] over 5 years, but the problems are insurmountable when it comes to finding the capital needed to save Walloon's steel industry. This is only one example.
2. I am quoting from memory....
3. Such an accord would thus be very different from the merger of the institutions of the French community and the Walloon region, as envisaged by Article 1 of the Act of 8 August 1980, which the RW and the FDF reject. This kind of merger, which only serves Flemish interests, would have the effect of denying real uniqueness of Brussels and Wallonia.

SIRMEN DRAWS SKETCH OF DENKTAS AS TACTICIAN

Istanbul CUMHURİYET in Turkish 13 Jul 81 p 3

[Article by Ali Sirmen in his column "Today in the World" entitled "Cyprus-Denktaş and a Lot of Noises"]

[Text] For the better part of the year Refik Erduran lives in Cyprus. These days when one looks at the articles he sends from time to time to his column from there, you feel like saying "it's a good thing he's doing it."

In his article the day before yesterday, Erduran spoke of certain dangerous tendencies that have been widely echoed in the Turkish press. We were seeing in the reports coming to Turkey that Denktaş and his team, who while they could not garner the percentage of the vote their partisans would have wanted in the last election, saw their opposition strengthened, and were trying to bolster their campaign by saying "We are losing our nation...the traitors are getting dangerous." But until we read the above-mentioned article we didn't know just how true it was that the campaign had been fed with such disgusting intrigues and dirty tricks.

To tell you the truth, there is no need to exert oneself to see that our press has not put this matter to a very stiff test. It would be more than enough to just glance at the daily newspapers. To see the accusations which no doubt emanated from the mouths of the TFSC president and his partisans printed in our daily newspapers as substantive news is, if not surprising, then certainly said for those who are knowledgeable of these events.

Those who live in Cyprus know that as in any other small place there are plenty of rumors there. From time to time these rumors turn into gossip and, in fact, they have been known to become heinous, cruel gossip. It's a pity that this tendency dominates the political life from time to time. A great majority of those institutions that are on the political stage find themselves in a trap that is easily fallen into and extremely difficult to get out of.

We have seen that not only recently but in the past as well, Denktaş and his partisans have adopted this behavior not just occasionally but quite often. One time during a Cyprus trip he tried to use the same tactic against us in his devoted son's newspaper. A sufficient response was provided to him and to his son, who at that time was pursuing some very dangerous adventures, and they did not get out of bounds.

This side of Denktas and his paternalist ways are well known by almost everyone to be the political thinking of another generation and have been criticized and condemned. But, anyone who knows Denktas's record well knows that he is wise and capable and that he fought for the Turkish community's freedom and he is always praised for these traits.

We were not going to touch on these well-known aspects of Cyprus and Denktas if he had not sensed a dangerous tendency in this behavior, which coincides with a very special period of time, to take advantage of the situation and forcefully silence their opposition.

The situation is such that Turkey today is experiencing extraordinary circumstances and is passing through a transition period. Those in charge of this extraordinary period in which we find ourselves have expressed in their speeches and actions that they are very sensitive on certain subjects. Coming up with strange and unfounded claims in such a period naturally carries the meaning that certain initiatives are being made to silence the opposition.

We want to stress that tactics like these will not be well received by the public in Cyprus, that those who want to turn the multivoice system, which, despite all sorts of shortages and disruptions, has operated successfully in both the social and political spheres of TFSC, into a single-voice system will, in the long run, clog up their own wheels and that this type of activity would be left alone.

The Greek Cypriot community had exercised incomprehensible pressures on the Turks from the 1960's to 1974. But since they were able to protect the multivoice administration for 14 years, they were able to overcome all kinds of calamities. This same community saw that just after the turn from a multivoice to a single-voice system they had come face to face with a situation they had been able to prevent for 14 years and that all their games and calculations had collapsed.

The TFSC is under the gaze of the whole world as if in a store window. It is a known fact that a disruption in the window will draw more attention to the goings-on inside and be much more damaging.

Consequently, on the eve of the very important talks in Cyprus, it would be well indeed for Denktas and his partisans to abandon these provocations and slanders.

If Mr Denktas looks in his records for a way to defend the freedom under which a multivoiced community united he will have added a new chapter to his service to that community.

Any other attitude would, in the final analysis, mean nothing more than giving the opposition a very valuable weapon.

9236

CSO: 4654/100

SPD'S OUSTED ARMS CRITIC HANSEN DEFENDED

Jusos Side With Hansen

Frankfurt FRANKFURTER RUNDSCHAU in German 23 Jul 81 p 4

[Report by Reinhard Voss: "Jusos Consider Expulsion of Hansen Equivalent To Ruling Out a Policy of Peace--North Rhine Westphalian Party Youth Wants an Alternative to the Current SPD Line, 'Which Lacks Perspective'--Special Party Congress of Sub-district"]

[Text] Duesseldorf, 22 July--The Young Socialists and "all opponents of rearmament" think they have been hit "to the core" by the decision of the Lower Rhine SPD arbitration committee to expel chancellor critic Karl-Heinz Hansen from the party. Following a meeting of the Jusos' leading organizations in North Rhine-Westphalia, the decision of the arbitration committee was condemned as a "declaration of political bankruptcy." A statement issued after the meeting states that the proceedings against Hansen are in blatant contrast with the efforts of party Chairman Willy Brandt "to utilize the forces of peace in the Federal Republic for a consistent continuation of the policy of detente and to prevent further rearmament through negotiations."

The proceedings against Hansen are assessed by the Young Socialists as a "campaign of threats of resignation and slander" designed to "press" the SPD to follow the armament line of the federal government. This attempt could not succeed without the most serious harm to the whole party. Following the expulsion decision, the Young Socialists consider a complete reform of the SPD necessary.

They intend to support wholeheartedly such a "buildup of a substantive and personnel alternative to the current party line, which lacks perspective." The Duesseldorf SPD Subdistrict, to which Hansen belongs, is to discuss the new situation at a special party congress. In preparation of this special congress, an extraordinary session of all local party chairmen, to meet in Duesseldorf, was decided on as early as Wednesday [22 July] night.

Frankfurt/Main (FRANKFURTER RUNDSCHAU)--In the opinion of the Land deputy chairman of the Rhineland-Palatinate Young Socialists, Manfred Kirsch, 20 July 1981 will live on as a black day in the annals of German Social Democracy. This, he said, is the fault of those who worked for the expulsion of Deputy Karl-Heinz Hansen from the SPD, trampling underfoot the claim of the SPD to be a party of free opinion. The decision of the arbitration committee of the Lower Rhine District had also

inflicted serious damage on the Social Democratic policy of peace and detente. According to Kirsch, the Jusos in Rhineland Palatinate will make it clear at a large number of events in all subdistricts that Hansen is not standing alone in the SPD.

SPD Paper Protests Dismissal

Bonn VORWAERTS in German 23 Jul 81 p 5

[Commentary by Gode Japs: "Hansen--Hopes Rest With Born"]

[Text] The arbitration committee of the Lower Rhine SPD District has given its verdict: Bundestag Deputy Karl-Heinz Hansen, long since a source of discomfort for a large number of people in the SPD, is to be expelled from the party.

The arbitrament, which contains a thorough presentation of how it was arrived at, is a "judgment" of the first instance and not yet one that has legal force. It is now up to the federal arbitration committee to have its say.

Despite the fact that it may be assumed that the Duesseldorf committee did not reach its decision lightly, there are doubts about the wisdom of the decision.

Karl-Heinz Hansen has been a member of the SPD for 20 years. He has all along been a disconcerting critic within the party who sometimes carried things entirely too far. But it has also always been a strong point of Social Democracy that it could live with criticism, particularly from within its own ranks.

The Duesseldorf arbitrament places this strong point in question. It leaves the impression that critics within the party are to be silenced.

Hansen has not only just become one of the most committed opponents of a rearmament policy. So it is possible for the idle suspicion to be aroused that opponents of rearmament are to be pushed out of the SPD through administrative measures.

It remains to be hoped that the federal arbitration committee will see its way clear to correct the Duesseldorf verdict. Karl-Heinz Hansen should be allowed to remain a member of the SPD.

Reaction to SPD Paper's Protest

Munich SUEDEDEUTSCHE ZEITUNG in German 28 Jul 81 p 5

[Text] Bonn (DPA)--A commentary in the SPD weekly VORWAERTS has openly sided with SPD rebel Karl-Heinz Hansen, thus opposing Lower Rhine SPD head Hans Otto Baeumer. A few days after the arbitration committee of the third largest SPD district had ordered the expulsion from the party of the Duesseldorf Bundestag deputy, VORWAERTS clearly expressed "doubts in the wisdom" of this verdict, saying that it left the impression that critics within the party were to be silenced. This, it was stated, might arouse the idle suspicion that opponents of rearmament were to be pushed out of the SPD through administrative measures. The commentary by the SPD organ, published by former federal executive manager of the party Egon Bahr, voiced the hope that the federal arbitration commission would see its way clear to correct the Duesseldorf verdict and stated that Karl-Heinz Hansen should remain a member of the SPD.

This commentary was interpreted in Duesseldorf as an open affront against the Lower Rhine SPD head, North Rhine-Westphalian Minister of Agriculture Hans Otto Baeumer, at whose instigation, and that of his executive, the expulsion proceedings against Hansen had been initiated. Circles close to Baeumer have pointed out again that as early as in February the SPD Federal Executive unanimously called for the proceedings to take place and then only reluctantly left them to the Lower Rhine SPD. It was therefore all the more difficult to understand the commentary in the SPD organ.

Baeumer himself showed great reserve concerning the VORWAERTS article when he commented on it to DPA. "It too is a phenomenon of the SPD of 1981," he said. But he was "very confident" that the commentary was not representative of the SPD of the 1980's, which while stressing the protection of minorities must not allow the impression to be created "that we want to grant the deviating the rank of the normal." It was "unthinkable for the SPD to look as if it had so many fringes that there was no center any longer." While a "self-confident people's party of the left" must not regard pluralism as a foreign word, "an oblique position must not be a permanent stand." Circles close to Baeumer recalled in connection with the VORWAERTS commentary what he had said some weeks ago: "It is as if I were the taillight of the silent majority, whose only fault is that it puts up with anything."

8790

CSO: 3103/396

PSI'S ROLE IN EMILIA-ROMAGNA REGIONAL ADMINISTRATION

PSI to the Opposition

Rome AVANTI in Italian 26 Jun 81 p 10

[Article by Stefano Servadei, PSI deputy]

[Text] The entry in recent days of the PDUP, with its sole representative, into the communist, single-party junta for Emilia-Romagna neither surprised nor embittered me, as seems to have been the case with other comrades.

To my way of thinking the action is consistent with the current political line of the PCI (presenting an alternative to the DC and seeking to regain strength on the left) and it is also consistent with the PCI's traditional concern for not appearing to be isolated and exposed, even when its governing are transparent and fragile, like the current one, or the not dissimilar one furnished by the now defunct PSIUP, from 1964 to 1972.

On the contrary, I believe the communist decision actually simplifies the situation and presents us with the opportunity to assume a clear and firm attitude. The communist decision had been repeatedly postponed, partly as a result of our own often uncertain positions. (I read a few weeks ago in AVANTI! an article by the socialist group leader, Giovanni Piepoli, announcing our going over to the opposition. This was followed by a series of declarations by the regional secretary, Comrade Giulio Ferrarini, about our apparent availability to resume discussions with the PCI with a view to the majority's entry into a new relationship which would include the PRI and the PSDI.) May I observe that what I have just said about the communist decision is what I allowed myself to suggest exactly 1 year ago, immediately after the regional elections of 20 June, which reconfirmed the PCI's absolute majority (26 councillors out of 50).

I said then and I say now with greater conviction that the reconfirmation of the absolute majority of the PCI represented the direct choice of the electorate for an exclusively communist regional government. This decision was contrary to our clearly explained effort to take such a majority away from the PCI, and to our concurrent commitment to create under such conditions a united junta of the left. But the electorate's choice is a choice that no party could properly alter or negotiate, in that it authoritatively ousted every possible source of mediation. The discussion was and remains quite elementary, although with some prominence at

the level of principles. Naturally one was limited to the sole reality of Emilia, but it affected every other zone (Veneto, Molise, etc.) where the electorate had expressed the same results, even if in differing political terms.

If there is a lesson for us from all these weeks of rejoicing for the great triumph of Comrade Mitterrand and of the French Socialists, (and there are so many lessons) it is that democratic systems become blocked or unblocked according to the consistency shown in accepting and respecting the decisions of the electoral corps, in making clear the choices facing each and everyone, in learning lessons from defeats for the creation of later triumphs, always giving up the petty advantages of today for the greater prospects of tomorrow.

For the victors the absolute majority of votes involves the right-duty to govern strictly according to their platform. For the loser it involves placing oneself in a coherent opposition so as to establish, in the clear light of day, a confrontation of ideas, of decisions, of principles, and to place such a confrontation at the so-called "social" level.

Emilia-Romagna is the only region in Western Europe with an absolute communist majority. For that reason it is a fundamental "test," even on the cultural level, to demonstrate, or verify, (according to one's position) the nature of the PCI as a governing party in an important structure of the state, its capacity for serving as an alternative within a system that is in opposition with regard to the PCI's birth, its growth and its ideology.

On the specifically internal level, the PCI's experience in holding an absolute majority and in governing in our region can be the litmus paper to demonstrate, or verify, its asserted superiority to any other force in the field of innovation, achievement, honesty and moral purity. Such superiority cannot apply solely to the institution of "central authority," from which the Communists have thus far been absent; it involves the concept of "authority" in a general sense.

Because of the importance the "communist question" assumes in Italy, and of its current claims to lead a "democratic alternative" group, we are faced with a situation (that is, the PCI's political and numerical ability to govern alone in an important region such as Emilia-Romagna) that if it did not actually exist, it would have to be developed "in vitro" [in the abstract]. Since it actually exists it should be put to the test without contamination or alibis, and that is in the interest of everyone. It is up to the PCI to demonstrate with facts what it really is. It is up to others to recognize an actual situation, not merely an hypothesis or a hope.

Mutatis mutandis [with the necessary changes] in this connection I should like to recall that at the beginning of the century, after winning with their own forces rather important elective governing positions, the Socialists never sought alliances with the forces it had opposed and for which they had no political or numerical need in order to carry out their programs. In that way they won in the field of action a democratic legitimization that until then they had not had.

I repeat, a majority vote involves for the loser (and one year ago we lost in Emilia-Romagna, even if we did gain a few fractions of a percentage point in votes)

the duty to place himself in the opposition and calmly and methodically to develop alternative positions or prepare for the succession.

Naturally, opposition means being on the outside and in disagreement, even if a constructive and not harmful disagreement, either to the government or to the administration and patronage of the party in power. That is something that no one ever did at Bologna, be it the PCI, the lay parties, or even the DC itself, each one following the other for long months, holding some presidency or vice presidency in collateral governing organizations.

People continued in this way in fact to provide broad covering for the PCI. It was even allowed to put us in competition with the PRI, for example, for the presidency of the Rimini Fair. The results, of course, were determined in advance, given the broad covering the PRI happened to provide, in Visentinian terms, so inexperienced in alliances with the left.

These are the inevitable accidents when uncertain paths are chosen, when questions of a "great plan" are abandoned for the traditional "petty affairs"; when it is attempted to reconcile too many irreconcilable things. (For example, to be outside the majority for certain things and within the majority for others.) Thus, if the logical development of the PCI's policy today leads to the entry of the PDUP into the communist junta, an equally logical socialist concept for Emilia-Romagna cannot but lead to our resuming complete freedom of action with respect to the majority in the council, as well as with respect to collateral organizations. And at all events it is not true that a party such as ours needs reference points in the questions of autonomy and of the great reforms, with consistent cultural and practical conduct which would release it as much as possible from the little irritations of everyday life, and which would carry it to the open seas of ideas and projects, the only place to find the trust of the broad masses.

Different Viewpoint

Rome AVANTI in Italian 17 Jul 81 p 10

[Article by Pasquino Ferrioli, deputy member, PSI Regional Directive Committee in Emilia-Romagna]

[Text] In AVANTI of last 26 June Comrade Stefano Servadei took advantage of the recent entry of the PDUP in the regional junta of Emilia-Romagna to confirm the view that he wishes the PCI to be given the role of opposition party. It is a respectable view which last year, consistent with his position of "historical" autonomist, Servadei maintained after the administrative elections. He thus anticipated the Regional Directive's decision which, as is known, was not to renew our participation in the left junta, constituted in 1975 following a policy agreement with the PCI.

Servadei's argument is constructed with lucidity, a certain rigor, and has the fascination of all theoretical simplifications: the PCI has the absolute majority of seats, hence it has the clear right to govern. The electors wished it. The PSI should resume complete liberty of action, without making any compromises with the governing party's administration and patronage, or with "petty affairs". And he is for a decisive and rigorous line of action that brings us out to navigate "in the open seas of ideals and projects, the only place to find the trust of the broad masses."

One obviously agrees with the poetic conclusion of Servadei's article, reminiscent of the prose of the great socialist and cultural lay tradition of Prampolini and Calamandrei. Just as one can agree with the idea of nonparticipation in left juntas, including regional ones. The problem simply is one of justifications, and these should be genuine and based on serious reflection.

This matter of justifications, of important reasons which led us to follow the road to Achilles' tent, is the very subject that Servadei does not take up, and is the same weak point of the "great rejection" decided by the Regional Socialist Directive.

I recall a Socialist party that reasoned thus: I do not participate in a majority with the PCI, I do not agree to the formation of a junta of the left, because I am not in agreement with the communist policy lines; because some of the PSI proposals were not accepted; because once agreement is reached on the policy lines, the PCI would offer the Socialists a marginal place in the Junta, thus showing an under-estimation of our role.

There is no reason now to reopen arguments about the decision already taken by the Regional Directive. But Servadei's article poses a question that is still open. Can one really call the PSI in Emilia-Romagna an opposition party? One must take into consideration an administrative and political reality which presents us a broad and consolidated alliance of the two parties of the historic left. The PCI and PSI for years have together governed all the chief towns from Bologna to Forlì; Piacenza; and the provinces, most of the minor centers (and Faenza, Imola, Rimini, which are not minor). If we look carefully into the record we see that many local government agreements are more than 30 years old. At Parma and Piacenza the mayors are Socialist, in five provinces the presidents are members of the PSI (at Ravenna, one might say we lost the mayor not very cleverly).

There are mayors and presidents of provinces who head the left juntas. But the agreements and alliances with the PCI also concern the broader institutional and associative fabric, from communal consortia to the local medical centers, the trade union, artisans' associations, and the cultural institutions and associations. This panorama of our political and administrative participation and responsibilities reveals a reality which unequivocally assigns a governing role to our party. Servadei has thus forgotten our presence, so deeply rooted in local administrations, and has invented a party that does not exist. It is only this new party that can be suggested for carrying out an opposition "that means being on the outside and in disagreement, even if constructive..."

And how can one "develop calmly and methodically alternative positions or prepare for the succession?" To "change things" do we want to make an Emilian five-party pact with the DC and the lay parties?"

Even our "nonpresence" in the junta provides us possibilities for a constructive autonomy that could work to the advantage of the party and of the very activity of the Regional Council.

Inside or outside the juntas, the problem of relations with the PCI remains. Authoritative attitudes by the PCI can only be rejected with firmness. With the

"reformist" Emilian PCI (until yesterday we criticized it "from the left"...) we ought to be able to extend the current majorities of the lay parties. There are limits and defects even in the local Emilian administration and we can legitimately confront the PCI's boasting of victory with some efforts for change and some proposals for innovation in actions of the communal, provincial and even regional governments. But the terrain for confrontation can only be constituted by the real questions that Emilian society puts to us

It is the same terrain where Servadei's "alternative" becomes a party commitment to conquer greater electoral strength, and thus to bring about a different equilibrium on the left.

I, too, would like the Emilian Mitterand to be called Piepoli.

For the moment we must recognize that Zangheri is not Chirac and Turci is not Giscard.

9772

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PCI ALLEGED INVOLVEMENT IN KICKBACKS

Threats of Exposure

Rome IL SETTIMANALE in Italian 7 Jul 81 pp 17-18

[Article by A. T.: "Kickbacks for Those With 'Clean' Hands"]

[Text] Communist activists took it as a "vulgar provocation by a little band of Christian Democrat extremists." But at via delle Botteghe Oscure [Rome address of PCI headquarters] the PCI general staff consider it a dangerous warning which threatens to mar the lofty image of the party.

It was an advertisement by Mille (an organization of moderate voters), published in the major Italian daily newspapers, that provoked communist reactions. The announcement recapitulated the text of an open letter, addressed a few days ago to the secretary of the PCI himself, Enrico Berlinguer, asking for the truth about secret PCI financing. "You proudly say," it is written in the document, "that the PCI has clean hands. Then explain to us once and for all why you never respond but just twist and evade worse than a Christian Democrat when they ask you if it is true that PCI finances are enriched by a colossal empire of red cooperatives; that your party's balance sheets are falsified and the published figures are only the smallest part of the real ones; that whoever places himself under the PCI's protective wing emerges from every scandal as unscathed as a salamander."

Is this true? Or false? The PCI has provided neither answers nor denials. But at Mille they are already preparing another open letter, more detailed, more specific. "We are just beginning," they say. "We shall continue our battle until light is thrown on the PCI's secret balances." And they suggest that they are in possession of documents that would tarnish the PCI's image.

And that is only one of the efforts. The proposal which the legislative office of the PSDI is developing will also frighten the communists. The Social Democrats have decided to promote a parliamentary inquiry to ascertain the hidden sources of financing of the parties. Even the Christian Democrats seem disposed to pursue the matter. Flaminio Piccolo said his party opposes [sic] an effort to shed light on the murky aspects "concerning commercial exchanges with Eastern countries." A few days earlier Carlo Donat Cattin, former deputy secretary of the party was even more specific in the accusations made: "Things must be said

quite clearly: the DC has done many wrong things, but the PCI is no better. I have the papers on the Duina case--a real scandal. I know about the kickbacks given by business men and I also know that ENI [National Agency for Hydrocarbons] gives kickbacks to the PCI on the importations of Russian methane."

No Communist paper has denied the claims (as always happens in these cases) of the DC leader. Is that half an admission, motivated by the fear that Donat Cattin may come out with documents that are too compromising?

It is certain that the "Duina case" remained completely unexplained. Vittorio Duina, industrialist, former president of Milan, now in the United States, was kidnaped and released after the payment of a heavy ransom. Duina has always denied everything. But it does seem that on the eve of the mysterious kidnaping he had sold some run-down factories to the coops.

There should be no doubts about the kickbacks paid to certain business men and about the Eni-PCI relations. The long stay of Donat Cattin at the top levels of the Ministry of Industry adds weight to his revelations.

But this is about only a few of the sources of PCI income. And the rest? There are those who maintain that the greatest amounts come from the commercial exchanges with the countries of Eastern Europe. According to others, in addition to these sources the secret apparatus of the PCI may already have constructed a dense network of commercial relations with some South American states.

Now it is up to the administrative office of the PCI to demonstrate the inexistence of illegal funds. At this point "disdainful" silence is no longer enough. Proofs to the contrary are now overwhelming.

In the immediate postwar period suitcases bulging with hard currency would arrive from Moscow. Then, during the 1950's, secret safes were kept in the private homes of some leading members of the PCI (the only possessors of the keys to the strongboxes were the brothers Pietro and Matteo Secchia, Ottavio Pastore, and two other members of the internal security group: Vercellino and Lampredi). Now there are the revelations of a few American journalists (Michel Ledeen, Claire Sterling, Alvin Shuster) who have listed the PCI's secret sources. In an investigation published by the NEW REPUBLIC Ledeen and Sterling wrote that the PCI spends from three to four times more than it reports. Sources of income: companies such as Restital of Milan (with accounts in Switzerland) or Falchimex of Zurich, whose task is to manage commercial deals with the East or receive kickbacks for them. The two journalists reached the conclusion that even large private and public industries pay money to the PCI. In that connection the name of Camillo Crociani, former president of Finmeccanica, was mentioned. New, burning documentation may come to hand to aggravate the communists' situation and definitely compromise the PCI's image as a party with clean hands.

Kickbacks for Red Gas

Rome IL SETTIMANALE in Italian 14 Jul 81 pp 88-89

[Article by Felice Fiore: "Even the PCI Has Its Own Sophilau]

[Text] There are growing rumors of kickbacks for the supply of Soviet methane to Italy. They are supposed to have been paid to a dummy firm in Vaduz. With the authorization of the Ministry of Foreign Trade. There have been all too many rumors and hints but until this moment everything has been indefinite. Now the SETTIMANALE is in a position to furnish definite material for going deeper into the subject of hidden financing enjoyed by the PCI, often with the indulgent acquiescence of state offices, agencies and companies.

The information we succeeded in verifying is about something big. On the supply contract for Soviet methane Italy paid (and perhaps is still paying today) a kickback, deposited into the account of a company in Vaduz, Liechtenstein, the fiscal paradise of paper companies which last only the time strictly necessary to transact business deals and leave no trace of them.

We have, that is, a case of Eni-Petromin ante litteram, with its good Sophilan [sic] on duty.

The most surprising thing is that it all happened in the light of day, as if it were the most natural thing in the world for negotiations conducted between two countries at the official level to include clauses of that kind. But, such is the case.

It is 1972. Between Italy and the USSR the first contract for supply of methane is under discussion. When they were coming to an agreement and about to fix the price and quantity, the competent Soviet ministry posed a surprising condition: pay a fixed commission (in dollars and for every cubic meter) into the account of a Vaduz company. The Snam, the Eni company supervising the importation and distribution of natural gas, and which is the official counterpart of the Soviets for the contract, argued that for the payment of such commissions it was necessary to apply for authorization of the Ministry of Foreign Trade and all the other agencies having responsibility for the export of foreign exchange. At that point the Soviets made the matter an official request and the Snam forwarded the request for the scrutiny of the then minister, the socialist Mario Zagari, while the president of the council of ministers was Colombo. The unusual request was examined with a mixture of embarrassment and perplexity by the bodies called upon to decide. In the past, for other transactions with the USSR, it was an accepted thing to deal with commercial companies, or pure and simple intermediaries known to be connected with or close to the PCI, through which the Soviet officials preferred to carry out transactions. The commissions on transactions carried out were paid, in Italy and in lire, to these trading [companies]. So, what was this new thing about a company in Liechtenstein?

They recall at San Donato Milanese (location of Snam headquarters) that during this time the head offices of Snam were the object of frequent and long visits by

the communist Armando Cossutta (the "red manager" who is an expert in export-import with the countries of the East), who would go to meet the then president of the company, Giuseppe Ratti, well-known as his old and very good friend. It is not known what the two said to each other, but it is reasonable to suppose that among the subjects of their long and very secret conversations was the negotiations still under way with Moscow for methane and the speedy overcoming of the obstacle represented by the kickbacks in dollars to pay in Vaduz.

Not much time elapsed before the green light came from our foreign trade minister, Zagari. The "commissions" (a few million dollars) were thus directed toward an officially ignored beneficiary, but whose identity is reasonably detected as the coffers of the PCI.

How much did this first transaction amount to? How many companies have in the meantime appeared and disappeared, leaving no trace of the subsequent kickbacks? How many other authorizations were granted by the Ministry of Foreign Trade?

The answers to these and other grave questions can surely be found in the files of the ministry of Eni. There are those who can properly get their hands on them. They should do it, and soon. Thus it would be possible to unmask a bluff in which no one believes but which many are afraid to investigate: the PCI's bluff, the party of clean hands.

Communists Caught Red-handed

Rome IL SETTIMANALE in Italian 21 Jul 81 pp 84-85

[Article by Felice Fiore: "A 15-Billion Scandal"]

[Text] Here are the proofs. Every year since 1973 Snam (with authorization from the Ministry of Foreign Trade) has been paying enormous "black" kickbacks on the supply of Soviet methane. The "unvouchered" payment will probably continue until 1992, at \$600,000 per year (total about 15 billions). Who gets this money? Who are the mysterious intermediaries between the USSR and Italy?

"I am absolutely uninformed about the commissions paid to Snam in connection with the supply of methane from the Soviet Union to Italy," declared Giuseppe Ratti, Eni's "foreign minister" and right hand of the current president, Alberto Grandi, to IL SETTIMANALE. We reply "But you conducted the negotiations personally. Is it really possible that you know nothing about them?"

Moreover, Snam paid these kickbacks with the authorization of both the Ministry of Foreign Trade and the Italian Office of Foreign Exchange. The relevant documentation really ought to be somewhere. "I made use of no intermediary in the negotiation and thus I know nothing about either commissions or kickbacks," broke off Ratti.

This telephone conversation took place Monday morning, 6 July. In the afternoon of Wednesday, 8 July, we were chased down by Eni's press office which, on behalf of Ratti, released this different declaration: "The negotiation for Soviet natural gas dragged on for more than 5 years, from 1964 to 1969. For the last 2 years Eni

had me follow such negotiations along with the parallel negotiations for gas from Holland and Algeria. During that phase of my professional life, which preceded my transfer to Montedison in 1971, I on no occasion had any contacts with the honorable Cossutta or with other PCI representative on the subject of Soviet natural gas."

But kickbacks there are and IL SETTIMANALE is able to reconstruct the whole affair. After laborious negotiations, begun in 1964, on 10 December 1969 there was signed between Italy and the USSR a contract for the importation of Russian natural gas into our country for a total amount in excess of 1 billion dollars. The contract is for 20 years, coming into force in 1973 and expiring in 1992. One of the protagonists in the negotiations is indeed Giuseppe Ratti, in charge of Eni's foreign relations section. Eni is the state participation holding company to which Snam belongs. Snam signed the contract.

About 16 months after the agreement was signed, 16 April 1971 to be exact, Snam sent the Ministry of Foreign Trade a strange request: it wished to be authorized to make "payments for unvouchered expenses" arising from commitments it was necessary to make for the "carrying out and the positive conclusion" of the contract for the importation of Russian methane signed in December 1969. In simple language it said they had to pay kickbacks if the supply contract was to be implemented.

For what amount? "As set forth below," Snam's letter states in restrained, bureaucratic language and reveals these figures: \$1,230,000 as a one-time payment; \$200,000 in two semiannual payments of \$100,000 each, in the course of 1973; \$400,000 (these two divided into two semiannual payments) in 1974 and \$600,000, in two semiannual payments of \$300,000 each, for each of the following years until the expiration of the contract (that is, until 1992). Total, the fine sum of \$12,630,000, something in the order of 15 billion lire.

What did the Ministry of Foreign Trade reply? Document No V.371280/806/494361, signed Zagari, sent to the Italian Foreign Exchange Office and for the information of Snam (subject: Transfer of Foreign Exchange to the USSR), "authorizes the requested transfer of foreign exchange according to the above-stated terms and requests this office to give appropriate instructions to the banks to be designated by the party concerned so that the said banks may proceed to the transfers in question omitting any investigation into the reasons for the transaction, notwithstanding the general regulations applicable in the case." At this point the questions are: who has benefitted from (and who still benefits from) these kickbacks? How was it possible to make a contract of such dimensions, and signed by state organizations, depend on payments of commissions to unknown persons? What part did the PCI have in the negotiations (Armando Cossutta and Giuseppe Ratti were in close contact during that time) and what benefits did it derive from it?

But companies of the Eni group developed complex relations over commissions and kickbacks with the Soviet Union not only through methane imports. For example at the end of 1971 Eni was able to administer 60 billion of the 120 billion lire credit Italy granted the USSR. Well, then, all the supply contracts drawn up by

companies of the group or related to it were burdened by various percentages and charges. In November 1971 the situation was as follows: the total amount of contracts signed: 42 billion, of which 14 billion pertain to Pignone and Pignone Sud (with 4 percent in kickbacks to pay); 4 billion pertain to Imex (which undertook to pay 6 percent). Contracts for 6.5 billion pertain to companies outside the Eni group, but with which agreements were made for the paying of 6 percent. The payment procedure was worked out with the agreement of Renato Marnetto, who later became a counselor in Agip Insurances. However, there were other firms which, although they signed contracts for more than 17 billion with the USSR, within the amount of 60 billion managed by Eni, nevertheless did not pay the required 6 percent kickbacks. "For secret reasons it was not possible to ask them," regretfully explains Landolfi (of Eni's foreign affairs office, and very well versed in matters of Soviet affairs) in one of his confidential notes, before being suddenly dismissed from Eni and then transferred to Montedison with Ratti.

Business with the USSR cannot be transacted with the help of a private intermediary such as a Vittorio Emanuele as in Iran during the Shah's time. Requests to link the supply of materials with a kickback to pay thus cannot but pass through very official state or party channels. Last week we already said that even the PCI has its Sophilau at Vaduz. At via delle Botteghe Oscure they first pretended not to hear. But with this documentation they will have to wake up, and Parliament cannot avoid becoming concerned.

Letter authorizing illegal kickbacks, released by Minister Zagari in 1971

Foreign Trade Ministry
General Director for Foreign Exchange
Civ. VIII- MN/Na
V. 371280/806/494361
Subject:
Transfer of Foreign Exchange
to the U.S.S.R.

Rome
To: The Italian Foreign Exchange
Office, General Affairs
Rome
And, for the information of
SNAM, S. p. A
S. Donato Milanese
Milano

The Snam, S. p. A. of Milan with a request sent to this Ministry, declared it had concluded a contract with the U.S.S.R. for the duration of 20 years, to begin in 1973 for the importation from that country of natural gas, for a total amount of more than \$1,000,000,000.

Based on this the said company requested permission for the transfer abroad of the following sums according to the procedures indicated at one side, for the payment of unvouchered expenses, incurred or to be incurred in connection with the above-mentioned contract:

- \$1,230,000 a one-time payment;
- \$200,000 in two semiannual payments of \$100,000 each during the year 1973;
- \$400,000 in two semiannual payments of \$200,000 each during the year 1974;
- \$600,000 in two semiannual payments of \$300,000 each during the year 1975;
- \$600,000 in two semiannual payments of \$300,000 each for each successive year until the end of the contract.-

In that connection it is stated that this Ministry authorizes the requested transfers of foreign exchange in the terms set forth above and requests this Office to issue appropriate instructions to the banks to be designated by the party concerned, so that the said banks may proceed to the transfers in question omitting any investigation into the reasons for the transaction, notwithstanding the general regulations applicable in the case.

The Minister

9772

CSO: 3104/341

SMALLER PARTIES SET OUT ELECTION PROGRAMS, STRATEGIES

Liberals: Would Cooperate with Conservatives

Oslo AFTENPOSTEN in Norwegian 14 Aug 81 p 5

[Article by Arild Isegg: "Liberals for a Change of Course: Will Support Governing with Conservatives"]

[Text] Kristiansund, 12 August. Armed with a platform favoring a change of course toward a center-oriented policy, the Liberal Party today opened its election campaign in Chairman Hans Hammon Rossbach's hometown. Here the party's central and local leadership took over the main street and set up a sort of liberal marketplace. Under threatening cloudy skies shivering passers-by were tempted with coffee and fresh waffles, green balloons, betting contests, quoits, raffles and jazz music. The purpose: to sell the party's policies, and to sell Rossbach.

One may ask whether the Tivoli effect is helpful. Politically Rossbach experiences a rather indifferent climate, even in his hometown, which is a bastion of the Liberal Party. The party is the third largest in the city council, and has the chairmanship of the council. But the Kristiansund Liberal Party is not the same as the national Liberal Party. For one thing, there is nothing in the Kristiansund Liberal Party platform, which the chairman was elected on, against test drilling north of the 62nd parallel. Chairman Otto Dyb, with the approval of a united executive committee and council and in agreement with broad public opinion is, in his capacity as both chairman and Liberal Party member, in favor of test drilling on the Haltenbank. He just believes that it will not meet expectations for employment and in other ways. Together with other chairmen in that part of the country he has even demanded increased test drilling. But the country's liberals, with Chairman Rossbach at their head, are against this oil activity. This antagonism, to which the party leadership angrily would not admit at a press conference here today, partly explains why Rossbach's stock is not as high as could be expected.

On the other hand he is the only candidate for the Storting from a district with about 40,000 inhabitants. A Storting election is, to a certain extent, a local election where people vote tactically, and Rossbach could be carried forward on a

wave of local patriotism. The second candidate on the liberal list, Chairman Einar Holm, has a corresponding position in the southern county. The party therefore has hope of two seats from More og Romsdal. On the national level the vice chairman of the party, Torstein Slungard, said that realistically the party can count on six to eight seats, but with the reservation that only a one percent variation in the election results could have a powerful effect because of an unfair election system.

A fair election system with equalization of seats is also included in the 12-point platform which the party presented today and which points out the most important issues which the Liberal Party believes that a nonsocialist government should encourage.

With this platform at hand, Rossbach confirmed the party's position for cooperation in a nonsocialist government: the Liberal Party desires a change of government in order to create a change of course in Norwegian policies. Because the Center Party and the Christian People's Party prefer to cooperate with the Conservative Party more than the Liberal Party, the party will support such a government. And not with the intention of overthrowing it, explained Rossbach, but not to give it a blank check for four years, either. Furthermore Rossbach did not agree that conservative domination means that such a government would advance conservative policies, and he foresaw a more center-oriented policy than that followed by the Labor Party government.

The Liberal Party's tentative contribution to a turn toward the center is due among other things to a demand that the Norwegian economy be stabilized by our ceasing to live above our means. Price control must be followed by wage control, greater tax reductions must not be granted, on the contrary taxes should be levied on consumption, with increased taxes on luxury consumption. Other points in the 12-point platform: 900 million kroner extra to stop the crisis in the health sector this year and construction of 1000 new hospital beds per year, construction of 41,500 new dwellings this year and remodeling of 5000 older homes (expected to cost 2 billion kroner extra), increasing foreign aid to 1.7 percent of GNP, a nuclear-free Europe, including a nuclear-free zone in the North.

The opening of the election campaign was celebrated with a cruise in Kristiansund's harbor and planting of an evergreen tree in the cultural center of the town--the party's gesture of increasing friendship. And in the evening there was a Liberal Party meeting at the Kaffistova.

Liberals' Ambiguity Attacked

Oslo AFTENPOSTEN in Norwegian 24 Aug 81 p 2

[Editorial: "Incorrigibly Indecisive Party"; words enclosed in slantlines printed in italics]

[Text] In the fall Storting elections it is an essential objective, seen from the bourgeois point of view, that the Storting will be formed in such a way that it can give a basis for a vigorous nonsocialist government. That is why it is so decisively important that the three announced cooperating parties, Conservative, Christian

People's and Center Party, together reach the necessary majority. That is simply a precondition for setting up a solid and effective policy, from the common goals which are drawn from the common objectives of the three parties. Bourgeois voters should consider what confusing conditions would exist if, for example, the Liberal Party should gain control and thereby--to a large extent--decide policies. Those who had occasion to see liberal Chairman Hans Hammond Rossbach's appearance on a TV interview the other day received once more the confirmed impression of the Liberal Party as an irresponsible and indecisive party. A party which on almost every issue is both for and against at the same time. If a government must be based on support from Rossbach's liberals, it would be equivalent to political paralysis.

Since the party convention in March the Liberal Party has accepted the preliminary position that it prefers a nonsocialist government to a continued Labor Party government. But the Liberal Party does /not/ want to be the principal party in a non-socialist government, and it is ready to bring the Labor Party back into the government before the next election. The liberals' goal is simply to gain control, something which would automatically cause a nonsocialist government to be dependent on liberal votes, and to live at the mercy of the liberals. The result of such control would be confused parliamentary conditions with continuous danger of a government crisis if the government did not carry out demands of the Liberal Party. In other words: an unfortunate and impossible situation which bourgeois voters should be careful to prevent. Even more so because it is clear that a vote for the liberals is not a vote for a bourgeois alternative or for a political change following the election.

The Liberal Party, which regards the Conservative Party as one of its main political opponents, wants to stand out as a "third alternative" in Norwegian politics--an alternative to the bourgeois and the socialist parties at the same time. In practice this has in most cases created uncertainty as to what positions the party will finally adopt.

The voters should therefore understand that a vote for the Liberal Party can indirectly contribute to continued Labor Party government, because the Liberal Party can be expected to prefer such a government over a conservative government, or because a vote for the liberals in a number of counties would be thrown away, where the party has no chance of winning a seat. Let us also remember that the Liberal Party does /not/ guarantee that a bourgeois government will have the opportunity to carry out nonsocialist policies. The Liberal Party has advocated that the Labor Party should be a /temporary/ solution.

Whatever happens in this election, it is desirable that one goal receive common acceptance: No to Rossbach in control!

Socialist-Left Against Nuclear Prestockage

Oslo AFTENPOSTEN in Norwegian 17 Aug 81 p 5

[Article by Liv Hegna: "Socialist-Left Party: Law Against Allied Nuclear Weapon Transport"]

[Text] Bergen, 16 August. The Socialist-Left Party [SV] will propose a law against the use and storage of nuclear weapons on Norwegian territory--including overflight and enroute landing of aircraft carrying nuclear material. The law will include punishment of 10 years in prison. SV Chairman Berge Furre presented the proposed law during the election campaign at Torvalmenningen in Bergen on Saturday. He spoke out strongly against the Labor Party: "The government has abandoned the idea of a nuclear-free zone in the North, with assurances that Norway will not take the initiative in this matter alone."

"The government has placed the demand for a nuclear-weapon-free zone in the North in the hands of the United States, but the United States does not want to hear about such a zone," said Furre. The chairman of the Defense Committee of the Storting, conservative Per Hysing-Dahl, was called "Reagan's defense attorney" by the leadership of the Socialist-Left Party during a press conference.

"Nuclear weapons must be eliminated from all plans for defense of this country," said Berge Furre. He gave his full support to the action called "No to Nuclear Weapons" and referred to the proposed law concerning nuclear weapons which SV will place before the Storting. Among other things this law says that manufacture, importation, transit (including enroute landing of aircraft with nuclear weapons on board), storage and use of nuclear weapons is prohibited in Norway, including Svalbard and Jan Mayen and the sea and airspace which connect these to the mainland. Missiles with nuclear payloads must not pass through Norwegian airspace.

The proposed law, which was written by Professor Torstein Eckhoff at the request of SV, includes a passage prescribing 10 years prison for violation of the law. Berge Furre said that it is not realistic to believe that Norway can punish a superpower, but that the punishment provision will be used if ships or aircraft belonging to another nation violate Norwegian law and are caught. He granted that the law contains a break with NATO's nuclear weapon strategy, but pointed out that several other countries have departed from integrated military cooperation in the alliance without leaving the organization.

In the press release in connection with the announcement of the proposed law it was said that allies will never be permitted to place or use nuclear weapons on Norwegian soil. The SV leadership confirmed, however, that the law will also apply to the Russian SS-20 missiles and other weapons belonging to countries with which Norway has not entered a defense pact.

SV's Storting representatives, Hanna Kvanmo (parliamentary leader) and Stein Ornhøi, said that the dominant theme of the election campaign will be national security

policy or peace policy. Besides, SV plans to push hard on economic policy, especially that which Berge Furre and the party's first candidate in Hordaland, Kjellbjorg Lunde, have called public poverty: "Take from those who have much, and give to those who need it, the sick, the elderly, and other weak groups. That is the watchword."

Communists Want NATO Nuclear Veto

Oslo AFTENPOSTEN in Norwegian 20 Aug 81 p 5

[Text] "The government must, for once, pull itself together and sing out against its American allies. Norway must make it clear that there will be a veto against the neutron bomb in NATO," said the chairman of the Norwegian Communist Party [NKP], Martin Gunnar Knutsen, at the opening of the party's election campaign in Folkets Hus in Oslo yesterday.

"Norway must be an independent progressive country for the sake of peace, relaxation of tensions and disarmament, not a pawn in America's wargames like today," he said. Martin Gunnar Knutsen demanded that the government also take concrete steps in the direction of independence in the military area. It must be an unconditional demand that the Norwegian government take up the neutron bomb resolution in NATO.

"It is not just we communists who demand this. The demand also comes from others, from the socialist-left and the liberals, and from large segments of the Labor Party--and people in all the bourgeois parties. There is a majority of the people who, like us, demand more than words in the struggle for peace," he said.

The NKP chairman said that the Warsaw Pact countries time and again have demonstrated that they desire negotiated solutions to the world's problems. And the president of the Soviet Union has put forth a program of negotiations to end the tension and danger of war around the world. Among the suggestions were plans for negotiations about the Afghanistan problems and the question of placing medium-range missiles in Europe, including the SS-20.

"This is also the explanation for the exchange of letters between West European governments and labor parties. Also Prime Minister Gro Harlem Brundtland has received such letters. But what has she replied to these letters? And what has she replied on behalf of the Labor Party? The Norwegian people should know," said Martin Gunnar Knutsen.

"We communists do not ask whether people are for or against NATO in this matter," he continued. "We do not ask about people's party or religious affiliation. We are strongly against any tendency from a single party to take over the cause of peace. To do our part to defend peace, it is necessary to see farther than the end of one's party-political nose. It is necessary that Labor Party people, Socialist-Left Party people, religious and non-religious, labor unions, sports oriented young people, women, youth organizations and others find their own way to a non-sectarian and determined cause in the struggle against everything that is pushing the world in the direction of a nuclear catastrophe," said Martin Gunnar Knutsen.

Christian Party Changes Campaign Choice

Oslo AFTENPOSTEN in Norwegian 22 Aug 81 p 8

[Article by Terje Svabo: "Korvald Out, Kristiansen is Candidate for Prime Minister"]

[Text] In spite of warnings from its parliamentary leader Lars Korvald, the central board and the Storting group of the Christian People's Party yesterday approved the party chairman, Kare Kristiansen, as their candidate for prime minister. At the opening of the meeting Korvald wished that they would wait before making such a decision, but gave in to the majority position. Kare Kristiansen stated at a press conference yesterday that he does not want to be both the parliamentary leader and party chairman. Lars Korvald is not currently interested in a position in a future bourgeois government.

It was Lars Korvald himself who, at a press conference after the combined meeting between the Storting group and the central board, made it clear that he now definitely wanted to withdraw from Norwegian politics. He maintained that 20 years in national politics is a long enough political workday, and announced that on 30 September he will take over the office of county commissioner in Ostfold.

The statement from the meeting said that in case there is a nonsocialist majority in the Storting election the party is ready to enter discussions with the Center Party and the Conservative Party on government questions.

It was established that before discussions on setting up a government, the political platform must be clarified. The most important question in that connection is that the Christian People's Party is firm in its position adopted at the national congress that the party can not join in a government in which the principles of the existing law on abortion are maintained.

At the press conference it was no secret that one of the causes for the party's now launching Kare Kristiansen as prime minister candidate is that the Conservative Party and the Center Party already have their candidates. At the meeting the party chairman, Kare Kristiansen, also dealt with the question of who will be the parliamentary leader of the Christian People's Party. He recommended the party's vice chairman, Kjell Magne Bondevik for this office.

No other names beside Kare Kristiansen were raised as the party's prime minister candidate. Kristiansen emphasized himself that his nomination did not change the party's position that a nonsocialist government must commit itself to changing the abortion law.

It was decided at the meeting not to discuss the formation of a delegation to conduct future governmental discussions following the election. Kare Kristiansen said that is a question to be taken up by the new Storting group and the party's central board. Lars Korvald stated after the press conference that he would prefer not to be on that delegation.

The question of whether the party should launch its own candidate for prime minister was, as we understand it, discussed at a party plenipotentiary meeting on Thursday evening. It was then that there was agreement on Kare Kristiansen, and it was Kjell Magne Bondevik who recommended him at yesterday's meeting. Korvald did not participate in the preparatory discussions.

9287

CSO: 3108/181

PARTIES REACH DEFENSE PLAN PACT AFTER 'HARDEST NEGOTIATIONS'

Nonsocialists Were Losers

Copenhagen BERLINGSKE TIDENDE in Danish 13 Aug 81 p 7

[Article by Christian Brondum]

[Text] The 18 months of negotiations on a new defense pact which have now ended in a compromise will go down as perhaps the hardest defense negotiations since Denmark joined NATO in 1949.

From the very beginning of the negotiations in the spring of 1980 the four non-socialist parties, the Liberals, Conservatives, Center-Democrats and Christian People's Party, had declared that under no circumstances would they accept less than a 3 percent annual (cumulative) increase in the defense budget, preferably over a 5-year period. Conservative Palle Simonsen said in March 1980 that a 4.5-5 percent annual increase was necessary to provide enough money to pay for the level of forces agreed on in the 1973 legislation.

Demand for 3 Percent

In the fall of 1980 the demand for a 3 percent annual increase was turned into the nonsocialist "starting point" but right up to the last round of negotiations the four parties maintained the demand which was more than 1 billion kroner above the Social Democratic offer. It was obvious that the tactics of the Liberals, Conservatives, Center-Democrats and Christian People's Party were based on exploiting the need of the ruling party to demonstrate political unity on defense and security policy, especially to other NATO lands. And the four parties also realized that Social Democratic leaders had an internal need for a solid defense compromise. With a compromise in hand the leaders of the government party could reject the demands of their own left wing for defense reductions.

Only last weekend when it became clear to the nonsocialist negotiators that the military leaders of the defense sector preferred a lean agreement with a fixed economic framework to dependence on the whims of the government in connection with the annual budget act did they decide on compromise. And on Tuesday it became apparent at the Social Democratic group meeting that the government could not extract another nickel for defense from its Folketing group without jeopardizing the solidarity of the group.

Zero Solution

On the other hand the Social Democrats allowed their congress to determine in September 1980 that a zero solution should be the basis for a new compromise. The congress left a narrow possibility for negotiation open since the text declared that a new compromise could be entered into on the basis of a zero solution.

In line with the congress Defense Minister Poul Sogaard issued a defense proposal that same month based on the zero solution and corresponding large-scale reductions in personnel and materiel. Last December the government also forced an unchanged 1981 defense budget through Folketing.

At the same time they allowed the Radical Liberals to sit in on the entire series of negotiations even though the party stated expressly at its national congress last year that the highest the party could go along with would be a zero solution.

A review of the contents of the compromise also shows that the government has only agreed to personnel and materiel increases in the defense sectors where an argument can be made for obvious employment benefits or where the military necessity is very urgent.

Thus extending the lifetime of the aging motor torpedo boats of the Sealion class provides work for shipyard workers and strengthening the defense of Sjaelland by 360 permanent people means in comparison with the zero solution that these people will not be thrown out of a job while barracks facilities and other things for these people will be preserved providing civilian jobs and thus making local communities happy.

Setting up two new improved Hawk missile squadrons, probably on Funen, will also employ around 300 people and the missiles are also something greatly desired by NATO. In the past Denmark has been a kind of hole in a north-south missile defense chain which Defense Minister Poul Sogaard also wanted plugged up.

Economic Losers

An economic evaluation of the contents of the compromise shows that the non-socialists were the losers in this respect. The nonsocialist demand for an annual cumulative budget increase of at least 3 percent would have added up to a total of 1.461 billion kroner more than the zero solution over the 3-year compromise period. The four parties actually got 369 million kroner. Stated another way a 3 percent annual increase would have led to a defense budget of 8.73 billion kroner (in fixed prices) at the end of the compromise in 1984. Under the compromise the 1984 defense budget will be 8.16 billion kroner (in fixed prices). This situation could have renewed importance if the Social Democrats again open with a proposal for a "zero solution" for defense in 1984.

When a new Defense Act comes up for debate in Folketing this fall the five compromise parties will also be able to count on the Progressive Party's 20 votes,

giving 146 votes for the new compromise. Standing outside the defense compromise group, Radical Liberal Niels Helveg Petersen complained yesterday that the government had now relinquished its freedom of action on defense issues until after the next parliamentary election while the Left-Socialists said Denmark had now embarked on the arms race spiral.

What remains is that the defense compromise, despite the very great distances among the parties initially, is the first significant political agreement the government, the Liberals and the Conservatives, supplemented with the Center-Democrats and Christian People's Party, have been able to reach since the 1979 election.

Only time will tell if the builtin veto right against changes in the budget will be respected. Defense agreements have been broken before, the first time in 1969 when the Conservative-Liberal-Radical Liberal government cut 125 million kroner from the budget and later in 1979 when the Social Democratic government cut 100 million kroner.

Socialist 'Club' Led Opposition

Copenhagen BERLINGSKE TIDENDE in Danish 13 Aug 81 p 6

[Article by Lisbeth Knudsen]

[Text] It is the strong coffee clubs in the Social Democratic Folketing group that have taken up the fight against the defense policy of the government and the party leadership. It was Ritt Bjerregaard's coffee club and the club that includes several newer Folketing members headed by Jytte Hilden which came up with most of the votes Tuesday when a meeting of the Folketing group revealed that about a third of those present could not support the negotiating mandate the prime minister had requested.

The showdown in the Social Democratic parliamentary group concerning defense policy is regarded as quite serious by the party leadership. Not just because it might indicate that not all 68 Social Democratic members will vote for defense appropriations in the wake of the defense compromise. The more serious aspect of the lack of solidarity in the Folketing group concerns the forthcoming annual meeting of the Social Democrats. Finally there is a "grass roots movement," still in the initial stages, which has informed the party that it will work for Danish arms reduction over a period of years and for demilitarization here.

No in Advance

The members of the Social Democratic Folketing group belonging to Ritt Bjerregaard's coffee club who said Tuesday they could not support the latest concessions the government made to the nonsocialist parties in the defense negotiations were Helge Degn and Jimmy Stahr. Kaj Poulsen from the same coffee club was not there for the ballot count but had said in advance that he would oppose the mandate for

the prime minister. Party organizational vice chairman Inge Fischer Moller did not attend the meeting either but she has expressed the same views on the issue as the other members of the coffee club. Ritt Bjerregaard told the group meeting that as a cabinet member she stood behind the latest concessions but said she did not agree with the foreign policy reasons for wanting a defense compromise which Foreign Minister Kjeld Olesen presented at the meeting.

Surprise

From the other coffee club clustered around Jytte Hilden, Jytte Andersen, Christian Kelm-Hansen and Magnus Demnitz voted against giving a mandate to the prime minister. Outside the coffee clubs Lissa Matchiassen, Mette Groes, Birte Weiss, Ole Thomsen and Kirsten Andersen voted against the mandate. They have all earlier criticized the defense policy views of the party leadership. The surprise came from the chairman of the Finance Committee, Kristian Albertsen, who also voted against giving the prime minister a mandate.

It was clearly underlined at the group meeting that if a vote were taken from the full group there would be more negative votes than the 12 cast in the balloting Tuesday. On the other hand not all those voting had the same reasons for rejecting the mandate. Some--including Jytte Hilden--said they could not consider anything but a zero defense solution. Most of those who voted no said they could approve the government's next to the last offer of 80 million kroner in extra defense spending but not the final offer which added extra millions.

Congressional Decision

A good deal of the conflict in the Social Democratic group concerned the decision made at the party congress last year. It is this congressional decision Jytte Hilden among others keeps referring to when she says nothing but a zero solution is acceptable. The mood at the congress last year was very strongly in favor of the demand for a zero solution but the prime minister managed in the final statement issued by the gathering to open the possibility of some flexibility. However in later statements the prime minister strongly backed the zero solution. In several rounds of the negotiations the prime minister has had to come to the Social Democrats in Folketing and ask for a mandate to move away from the zero solution. The first time only a few refused but the last decisive step in the direction of a compromise caused the group to react violently.

Split

Many of the Folketing group [as published] as an issue that could create as big a split among Social Democrats as the EC balloting once did. The group meeting Tuesday was a clear indication of the so-called right and left wings in the group and there are many similarities with the division on the EC question. The party leadership will now be arming for a defense policy showdown at the annual party meeting the first weekend next month. As we saw at the party congress last year the prime minister will have to be very skillful in explaining to his own party how a stated desire for a zero solution turned into 369 million extra kroner in defense spending over a 3-year period.

Bjerregaard, Norgaard Against Compromise

Copenhagen BERLINGSKE TIDENDE in Danish 14 Aug 81 p 6

[Editorial]

[Text] The members of a government are seldom as united as they sometimes optimistically proclaim. In important tactical and political issues there will often be quite strong differences of opinion as to which position should be adopted by the government. But normally such conflicts do not reach the ears of the public until former ministers write their memoirs at an advanced age. It is not customary in Denmark for a minister who does not agree with the government's policy to step back in order to avoid responsibility for something he thinks is wrong. And it is not common for a prime minister to ask a misbehaving minister to resign from the cabinet. They disagree within the government's four walls, announce the policy as that of the entire government and sweep the conflicts under the rug. One can question whether that is straightforward but that is the way things are.

It is therefore worth noting the reports which have not been denied of the government's deliberations concerning its stand on the defense compromise. It is reported that Social Affairs Minister Ritt Bjerregaard and Economic Affairs Minister Ivar Norgaard have dissociated themselves from the defense compromise negotiated by the prime minister and the defense minister. It is unusual enough that this has become publicly known. It is even more unusual that Ritt Bjerregaard according to what we have heard announced her stand at the Social Democratic Folketing group meeting where debates are often so public that they might as well be conducted in the palace courtyard rather than behind closed doors. Apparently only respect for the cabinet prevented Ritt Bjerregaard from voting with the minority that opposed the government in the group.

It may be claimed that this corresponds nicely with the modern demand for more openness in political life and for the ability of the individual to proclaim a separate point of view. But the prime minister cannot be amused by what is happening. It is bad enough that he has to put up with a public demonstration of the lack of agreement in his party but it is even worse to have lack of agreement in the cabinet displayed to public view. It is no excuse that as we well know Anker Jorgensen changes his own standpoints so often that not even those closest to him can follow his lead. In the long run a government cannot tolerate not appearing as a block. A government cannot speak with several tongues and it cannot break into a discussion with itself.

If a government starts breaking up in this way the only thing a prime minister can do to avert the consequences is to dismiss the ministers who are out of step. But it would undeniably be much easier--and more honest--if those concerned took the initiative themselves.

Setback for Allied Reinforcement

Copenhagen BERLINGSKE TIDENDE in Danish 15 Aug 81 p 9

[Text] The weakest point of the compromise is the section on allied reinforcement. It appears that it suits the government better to have the offer of reinforcement less binding than the nonsocialist parties would like.

Prior to the defense agreement reached on Wednesday the most comprehensive defense planning work ever seen had taken place. The preparations started right after the 1973 defense agreement and speeded up in the years 1976-77. In 1976 a so-called planning unit was set up at the Defense Ministry and after the extension of the 1973 agreement in 1977 (up to 31 March 1981) the Defense Ministry set up its project leadership on long-range planning of defense whose goal was to come up with several alternative proposals for a new Defense Act to take effect on 1 April 1981.

The government's proposal for a new Defense Act was later based on three alternative Phase 3 structures. These were based on an unchanged budget, on an increase of 1.5 percent and on an increase of 3 percent. There were not many real structural reforms.

In setting priorities more emphasis was placed on a land defense of Jutland and correspondingly less emphasis on a land defense of Sjaelland where the number of brigades in the first two models would be reduced from two to one. This was later corrected since it turned out this would all but wipe out Sjaelland's defense. At the request of the defense minister more emphasis was also placed on warning and surveillance.

However the political background for making use of the comprehensive planning work was disturbed starting in 1979. The Social Democratic-Liberal government did not manage to state a plan for the new Defense Act before it broke up in 1979 and after the election that October the Social Democratic left wing was strengthened with the result that the Social Democratic minority government felt obliged to endorse a so-called zero defense solution, in other words a defense agreement based on an unchanged though as before wage- and price-index-adjusted budget.

This eroded the possibility of utilizing the planning work effectively and it is first now that the compromise has been reached that we will find out how the forthcoming bill on the organization of the armed forces will fit this into the budget limits agreed upon.

The political defense negotiations in 1980 never got beyond the initial talks. The Radical Liberals, who had withdrawn from the agreement in 1977, were included in the negotiations at the government's request and blocked any other solution than a zero solution while at the same time rejecting the idea of stockpiling heavy equipment for allied reinforcements. It was therefore obvious that in the final phase of negotiations the party would have to withdraw. This was also the case even though it didn't happen until the week before the final decision.

The government has shifted a little over the zero solution twice, first in its bid this March to expand the budget by half a percentage point or 44 million kroner, and then this month in its renewed--and "irrevocably last"--offer of a total of 369 million kroner over a 3-year period. The latest move led to the Radical Liberal withdrawal and ran into opposition by a minority of Social Democrats.

The government bid will form the basis for the new Defense Act which the four non-socialist parties have backed although with grave misgivings. The proposed budget increase of 369 million kroner is far below what they recommended in their joint proposal for a compromise agenda, namely a good 1.2 billion kroner over a 3-year period.

The compromise will lead to a reduction of defense personnel of between 1000 and 1500 men. This must be seen against the background that over 15 years the armed forces have been reduced by roughly 20,000 men. The strength level goals from the 1973 act cannot be met since the number of ships and airplanes must be abandoned in the 1982-84 compromise period and starting in 1985 there will be an urgent need for many new acquisitions including mobile coastal batteries, new ships, especially submarines, and more airplanes.

As before it should be possible to keep mobilization forces at around 65,000 men with only a small reduction and in contrast to field troops the Home Guard is bigger than ever, namely around 74,000 men and women, an increase of approximately 5000 in recent years which must be viewed against the background of considerable interest in voluntary defense and the much smaller number of draftees being called up.

Thanks to price and wage regulation a real budget erosion can be averted even though several material acquisitions including those for close air defense, must be postponed and exercises will have to be kept within strict limits.

The weakest point in the compromise is the section on allied reinforcement. In the nonsocialist parties' outline for a compromise they stated that "it is assumed that consultations with NATO concerning reinforcements will be concluded satisfactorily and that discussions will be concluded with Great Britain and the United States and that all parties are prepared to provide the funding needed to expand facilities for the reception of assistance." The compromise text says only that "the parties support the government's reply of 7 May 1981 to the Supreme Commander of NATO Forces in Europe concerning his second draft of a reinforcement plan for Europe to the effect that governments are prepared on the present basis to try to clarify the conditions that will apply for the reception and support of the forces proposed for this area in the plan."

In this rendition the government makes no concessions at all, which must be seen in the context that it had no mandate from its Folketing group to do so. The only significant thing is that the subject of allied reinforcement was included in the agreement at all and therefore must be a matter of mutual concern for the five compromise parties and their new 11-man contact group.

Compared with among other things the defense minister's statements from the initial phase of the negotiations in 1979 about an early summoning of reinforcements in a crisis the Social Democratic attitude toward reinforcement and prior stockpiling of supplies has become more restrictive.

It seems to suit the government better to have the reinforcement offer less binding than desired by the nonsocialist parties. In a few months the Danish attitude must be clarified during negotiations on the allied reinforcement plan and it will then be shown if the agreement reached on the economic limits for defense until the end of 1984 can be expanded to include reinforcements. If not this matter, so vital to Danish defense, may turn out to be the Achilles' heel of the current compromise.

6578

CSO: 3106/164

MINISTER: WILL MAINTAIN FORCES YOUTH AUXILIARY

Oslo ARBEIDERBLADET in Norwegian 8 Aug 81 p 6

[Text] Minister of Defense Thorvald Stoltenberg will not terminate the home guard [HV] youth organization, but he will introduce several changes which will prevent extremists from using the activity. The minister announced this at the national competition of HV youth at Torop on Friday. The most important change that Stoltenberg will carry out is that candidate service will be terminated at the same time as an age limit of 17 is set for entrance in the HV youth organization.

"The situation wherein individual extremists have been affiliated with the HV youth organization does not, in my opinion, provide a basis for having or developing extreme attitudes, violent or warlike mentalities," said Thorvald Stoltenberg, who at the same time confirmed that HV youth service has been misused by certain youths. He said that a possible termination would hurt youth in outlying areas and in smaller towns.

Minister Stoltenberg wants therefore to terminate candidate service and establish an age limit of 17, but those who are already candidates will be allowed to continue. Furthermore the defense minister wants to adjust the procedure for management of recruiting, and to study the creation of a system of recommendations, or a recruiting authority. The local HV authorities will be strengthened, and HV youth will not be issued automatic weapons of the type AG 3. Instruction can however be given on the Mauser carbine, but these weapons will be stored in the area depots. Stoltenberg believes that HV youth should not be deployed on mobilization, and will change the framework of the training program. Service training with the AG 3, open order combat training, and "patrol service" will be terminated. An individual area organization will also be studied.

9287

CSO: 3108/182

NEW DRAGEN INTERCEPTOR UNIT TO AUGMENT STOCKHOLM DEFENSES

Stockholm DAGENS NYHETER in Swedish 20 Aug 81 p 18

[Article by Claus Granath]

[Text] Since Monday Stockholm has again had its own air defense. That was when the 3d Interceptor Squadron from Fl in Vasteras landed at the Tullinge Wing south of Stockholm.

The intention is that the squadron will be stationed at Fl8 [Tullinge] for at least 1 year.

Can Stockholmers feel more secure now, or is there a greater risk of attack in a time of crisis, now that they have an interceptor squadron at their very doors?

Ulf Bjorkman, head of the Air Staff's Information Department in Stockholm, says: "People can definitely feel more secure. When the capital lacked its own air defense, it took between 10 and 15 minutes for interceptors from Uppsala and Vasteras to reach Tullinge.

"From now on we will be spared that loss of time. And in the air force, minutes and seconds are very important. They can be decisive in case of an attack."

The risk is about the same as before, according to Ulf Bjorkman.

"Tullinge is so far from the built-up area that there is no danger," he says. "The base as such would certainly be a target during a crisis whether planes were stationed there or not.

"So we are not attracting swarms of bombers here by having an interceptor squadron in Tullinge."

The last interceptor squadron left Fl8 in Tullinge in 1974. Since then Stockholm has lacked its own air defense.

Ulf Bjorkman commented: "It is interesting to note that Sweden's capital, which at one time had six interceptor squadrons, has now been without air defense for 8 years.

"Tullinge was built years ago because it was felt that Barkarby was not enough for the defense of Stockholm."

Bjorkman says that there is no connection between the new interceptor squadron at Fl8 and the world's political situation.

He explained: "The fact that Stockholm is getting its own air defense is part of our long-term plans to try to keep 12 interceptor squadrons.

"The intention was that the 3d Squadron in Vasteras would be eliminated on 1 July of this year. Now it has been transferred to Tullinge instead, and it will be easier for us to reach our goal of 12 squadrons."

The squadron still at Vasteras will be phased out next year. And Parliament has decided that the Fl Wing in Vasteras will be closed down in 1983.

Sixteen Planes

In addition to the interceptor squadron, there are currently six attack squadrons and approximately the same number of reconnaissance squadrons.

A squadron consists of eight "operational aircraft," as they are called in military language. In practice, that amounts to twice that many fighter planes, or about 16 aircraft.

Even though the last squadron at Tullinge was closed down in 1974, there have been more flights there than ever. Units from other parts of the country have visited Fl8 every week to hold maneuvers over the Baltic.

The new squadron from Vasteras consists of 14 fighter pilots with Draken aircraft. In order to reach the goal of 12 squadrons and remain at that level, the Air Staff expects to extend the lifetime of two or three squadrons equipped with that older plane.

An interceptor squadron costs about 30 million kronor per year.

But stationing the Vasteras squadron at Tullinge has not meant any extra costs.

Bruno Soderblom, a major at Fl8, explains: "All the spaces were already there. We did not build anything new; we just spruced the place up. The squadron still belongs to Fl in Vasteras, even though it is stationed with us."

According to the contract, the interceptor squadron will be stationed at Tullinge until 30 June next year. But people in the air force are already convinced that its time there will be extended.

Note: Swedish defense expenditures for fiscal 1979-1980 totaled 14.3 billion kronor, or about 40 million kronor per day. Of that amount, about 30 percent was allocated to the air force.

11798

CSO: 3109/234

WOMEN VOLUNTEERING FOR MILITARY UNIT IN INCREASING NUMBERS

Stockholm DAGENS NYHETER in Swedish 9 Aug 81 p 20

[Article by Anita Sjoblom]

[Text] Volunteers are currently flocking both to the defense forces and to the peace organizations. Not even during World War II did the Home Guard, the Women's Service, and other volunteer defense organizations have so many members. At the same time, the number of peace activists has doubled over the past few years. But both say they have the same goal: peace.

"This is the only opportunity girls have to do military service. It is equally important for both men and women to defend Sweden. We contribute to peace by being able to defend ourselves, so military service for women ought to be compulsory."

So said Elisabet Magnusson, 21, of Malmo, just after completing a 24-hour exercise in nighttime orientation, tent pitching, assault on the "enemy," and field firing. She is a member of the Women's Service, and despite the night's hardships, she was full of enthusiasm over the fact that women can go on a course that resembles military service for the guys. The combat course that Elisabet and 30 other women went out on is physically the most advanced course available to women in the volunteer defense forces.

Elisabet has been a member of the Women's Service for 2 years. She is in the Food Service Unit, which means that in wartime she would cook for the military. That task is completely in line with her civilian life, since she is studying to be a dietitian.

Elisabet says: "When people talk about equality between men and women, they should also include defense of one's country. That's why I think there should be compulsory service for women. But since there isn't, joining up voluntarily as a member of the Women's Service is the closest I can come."

Combat Course

Maj Eliasson is 46 years old and works for a travel bureau in Stockholm. She has been a member of the Women's Service for 3 years. She says it makes her feel secure to go on a combat course, since she will then know how to act in a war.

"I am in a clerical position and would not normally be with a combat unit. But it is good to have combat training in case one gets into such a situation."

Maj thinks there should be voluntary military service for women. Maj and Elisabet both feel that they are contributing to peace by voluntarily joining the defense forces.

Elisabet says: "The people in the peace organizations are idealists, but I feel sorry for them because their ideas don't work. It is an instinct in everyone to defend himself. I also think that the peace organizations use bad arguments and deceive people when they say that we don't have a chance of defending ourselves. If we are attacked, it will be a conventional war, because no one has any use for a country that has been bombed with nuclear weapons."

Both Needed

Maj says: "I don't agree with the peace organizations, but we and they are both needed. Those that took part in the peace march to Paris are brave, and by their action they showed what they really feel instead of just holding meetings and chattering."

Maj and Elisabet are two of the 23,000 Women's Service members who have voluntarily signed a contract with the armed forces. This means that they are available for war postings and must report in if there is a mobilization and participate in exercises in peacetime. Women's Service members are not assigned to combat units, but have jobs in combat information centers, operate telephone exchanges, and work in offices, the air defense warning system, and food service. Women's Service members were more numerous during World War II, but now, after many years of decline, their numbers are increasing again.

Steadily Stronger

Lt Col Leif Tornquist of the Defense Staff's Cooperation and Volunteer Department says: "Women's Service members make up only one of the volunteer defense organizations that are growing steadily stronger. In all, the volunteer defense force has never been as strong as it is today--not even during World War II. There are over half a million people who give their time and even money so that they can be trained in different ways within the armed forces.

"The volunteers have become increasingly important to the armed forces, so important that today we could not get along without them. They are also a part of our national defense image and illustrate the strong will to resist that exists in this country."

Leif Tornquist says: "It cannot be denied that the armed forces have consciously concentrated on the volunteer service for economic reasons as well. With a minimum of training, the volunteers can be given certain jobs without our sacrificing quality. What is more, we get enthusiastic people in those jobs."

Volunteers Important

How important the volunteers are is usually demonstrated by the Defense Staff with a diagram showing how quickly those called up can be at their posts if mobilization

comes. On the first day, both the conscripts and the volunteer defense force would be defending Sweden. And after a couple of days, everyone would be at his or her post.

Leif Tornquist says that those joining the volunteer defense force come from every social class in the community and that all age groups are represented.

"Why more and more people are joining is something we don't really know. But I believe that the outside pressure from the unrest in the world is increasing the will to defend the country. And when the armed forces have trouble getting enough money together, people also help out. Besides, there have come to be more--and more varied--jobs to be done than there were a few decades ago. Economic remuneration has also improved to some extent, and that enables more people to take part. Perhaps individuals also have a need to show their will to resist now that the peace organizations have grown larger."

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